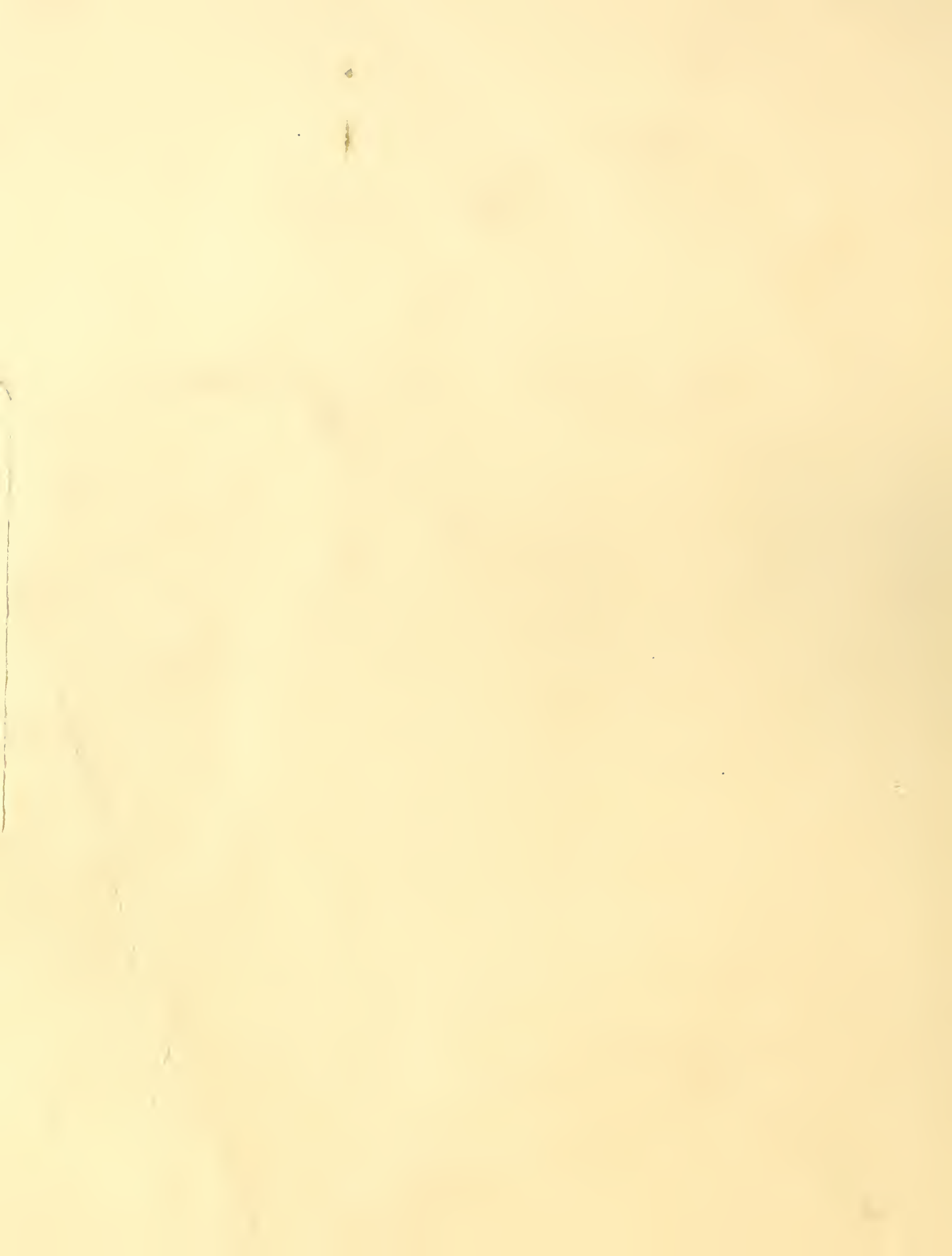


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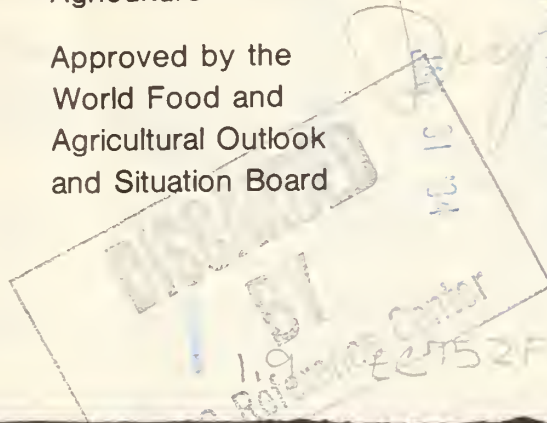
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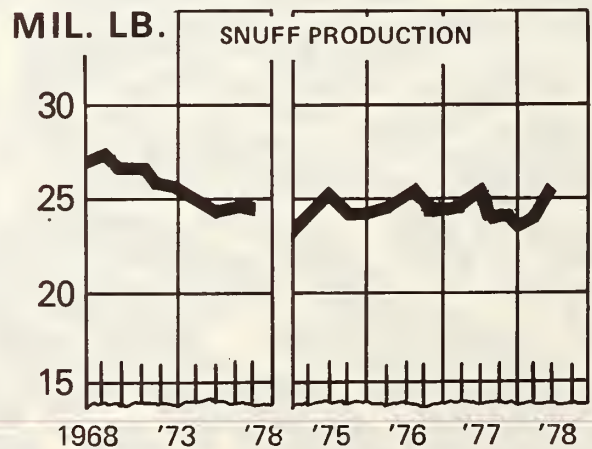
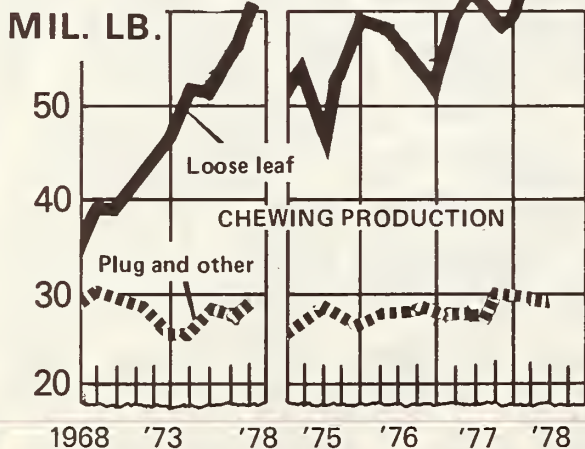
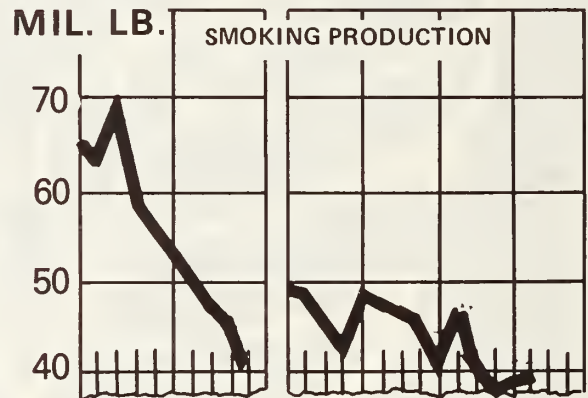
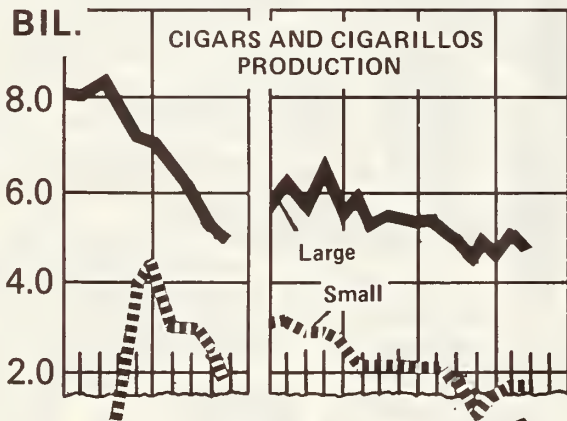
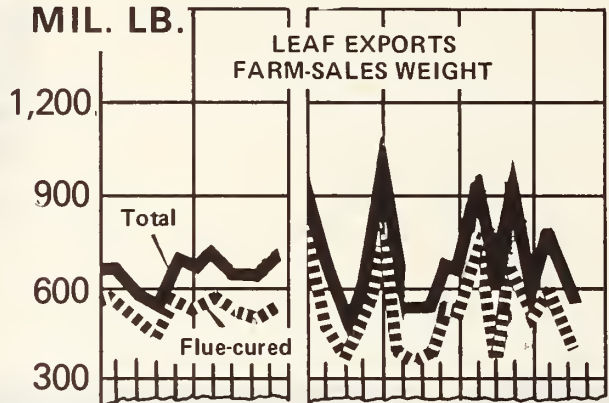
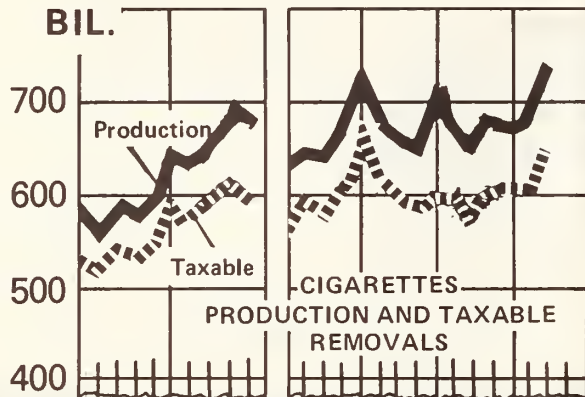
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TOBACCO OUTLETS

Trends in Manufactured Products and Exports



1968 '73 '78 '75 '76 '77 '78

ANNUAL QUARTERLY
SEASONALLY ADJUSTED
AT ANNUAL RATES

1968 '73 '78 '75 '76 '77 '78

ANNUAL QUARTERLY
SEASONALLY ADJUSTED
AT ANNUAL RATES

USDA

LAST QUARTER SHOWN ESTIMATED.

NEG. ESCS 229-78 (6)

THE TOBACCO SITUATION

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Approved by:
The World Food and Agricultural Outlook
and Situation Board
and Summary released June 13, 1978

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SUMMARY

Tobacco Use Steady; Same Size Crop in 1978

The stable pattern in U.S. cigarette sales and leaf exports is holding use of U.S. tobacco for the 1977/78 marketing year at about the same level as last season. Total disappearance is equalling 1977's output. Thus, carryover by July 1 (October 1 for burley and other kinds) will change little from last year's 3½ billion pounds.

Domestic cigarette use for the 10 months ended April 1978 remained about the same and cigarette exports were up 12 percent. Cigarette output in the year ending June 30 may be about 1 percent above the 672 billion cigarettes produced in 1976/77. Steady U.S. cigarette sales and gains in exports should encourage production in the second half of 1978.

In contrast with the stability in cigarette smoking and consistent with recent trends, use of cigars and smoking tobacco continues below a year earlier. For the year ending June 30, use of large cigars may drop about 5 percent and small cigar volume is falling some 11 percent from 1976/77. Output of smokeless products (snuff and chewing tobacco) is increasing.

Unmanufactured tobacco exports for July 1977-April 1978 totaled 11 percent above a year earlier. So shipments for the year ending June 30 will probably slightly exceed the 582 million pounds (647 million pounds, farm-sales weight) of July 1976/June 1977. World demand for U.S.-type blended cigarettes continues on the upswing, but overseas buyers are continuing to shift among competing tobaccos because of changes in relative prices and supplies.

Prospects indicate about the same size U.S. crop in 1978 at slightly higher prices. If the quantity of exportable grades improves in 1978/79 relative to the last 3 years, unmanufactured tobacco exports for July-December 1978 could equal the 333 million pounds (export weight) of a year earlier when exports were pushed up in anticipation of the dock strike.

Flue-cured tobacco exports in July 1977-April 1978 were above a year earlier. Some EC destinations, including the United Kingdom, were rebuilding stocks. For the year ending June 30,

about 410 million pounds (525 million, farm-sales weight) will be exported, about the same as 1976/77. Burley exports for the crop year ending September 30 are expected to fall short of last year's record of 87 million pounds (117 million, farm-sales weight).

During July 1977-April 1978, cigarette leaf tobacco imports for consumption at 171 million pounds (declared weight) gained from a year earlier. Cigar leaf imports declined. U.S. manufacturers' stocks of imported cigarette tobacco on April 1 were 3 percent above a year earlier. U.S. stocks of foreign-grown cigar tobacco decreased 9 percent.

With steady cigarette output, domestic flue-cured use in the year ending June 30 is staying close to last season's level. With the same level of exports, total disappearance of flue-cured will run near the 1.15 billion pounds of last season. Use may equal the 1977 crop, so the July 1978 carryover of flue-cured likely will remain near the 2.1 billion pounds of a year earlier.

April intentions point to 2 percent less flue-cured acreage than last year. A crop about the same size as last season seems reasonable. For the new season, total supply (estimated carryover plus the projected 1978 crop) may change little. The same size crop this season and a 6-percent higher support level should keep average prices above last year. The Crop Production report to be issued July 11 will include a production forecast based on yield surveys conducted about July 1.

Opening dates for flue-cured crop auctions will be recommended to USDA on June 29. Sales starting in the second half of July are possible. The grower designation provisions remain in effect. To receive price support, growers must plant within the farm acreage allotment. Those who have agreed to keep the four lower leaves in the field can plant up to 20 percent more. Also, growers must certify that they did not use DDT, TDE, toxaphene, or endrin pesticides on their crop.

Use of burley tobacco may total a little below last season's use of 617 million pounds but about the same as last year's marketings. Thus, the October 1 carryover is expected to stay around last year's 1.2 billion pounds. A slightly lower farm poundage quota reflects the reduced basic quota, so growers in 1978 are expected to produce and market a smaller size crop than last year and keep total supplies about the same as for 1977/78.

Auction markets for the 1977 crop of Maryland tobacco began April 11 and ended June 1. Prices averaged \$1.15 per pound, 5 cents above a year earlier. Disappearance of Maryland tobacco in the current marketing year may fall short of last season.

With larger supplies, use of fire-cured and dark air-cured tobaccos is increasing from last marketing year. Domestic cigar tobacco use may decline further as cigar production continues to drop. Estimated use for most of these types of tobacco will fall short of last year's crops, leaving larger carryovers into 1978/79. Tentative 1978/79 supplies are slightly larger than the previous season.

TOBACCO PRODUCTS

U.S. Cigarette Output Steady in 1977/78

With cigarette smoking dampened, in part by anti-smoking activity, U.S. manufacturers from July 1977 through April 1978 shipped about the same quantity of cigarettes as in the comparable period in 1976/77. Consumption by U.S. smokers (including those overseas) in the year ending June 30, 1978 may have changed little from the previous year's 618 billion cigarettes (table 1). Domestic cigarette use is expected to continue large during July-December 1978.

Total output in 1977/78 is estimated to reach 680 billion cigarettes, about 1 percent above last year's level. Allowing for an estimated 10-billion-cigarette decrease in inventory, this still includes about 80 billion cigarettes for export and shipments to Puerto Rico and other U.S. possessions. During the 10 months through April 1978, exports

gained 12 percent, reflecting the continued growth in worldwide preference for U.S. cigarettes (table 2).

As estimated by State tax data, unit cigarette sales in January-April 1978 were down 1.4 percent from a year earlier. The number of shipping days was identical in both periods, so cigarette sales may reflect the anti-cigarette publicity in early 1978 and weather delays in shipping.

Retail prices have gone up in the past 12 months, in part due to a rise in wholesale prices. State tax rates changed little. Projecting the pattern of recent years, another rise in wholesale cigarette prices is likely within the next few months.

Federal Government Activities

The Federal Trade Commission recently sent to Congress a statistical supplement on cigarette labelling and advertising. The report indicates

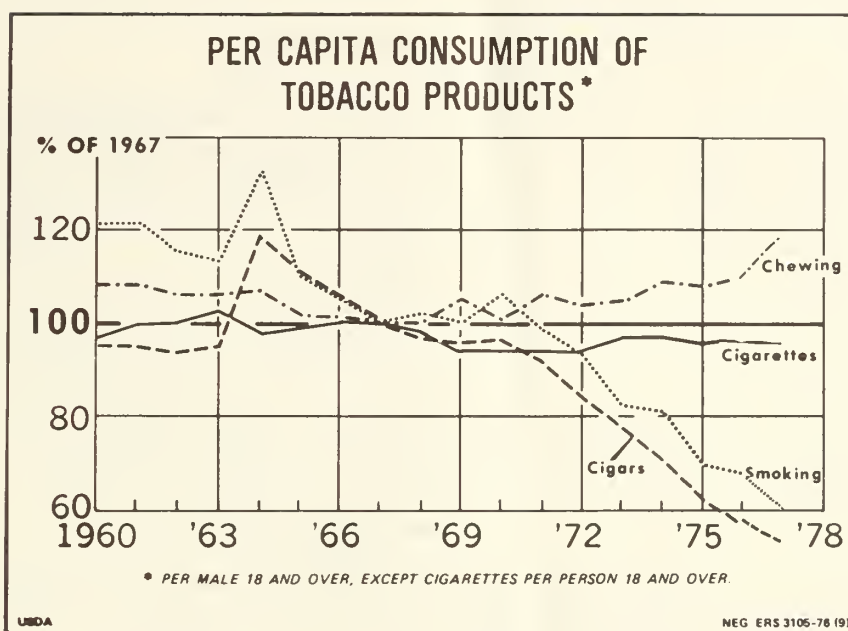


Table 1--Cigarettes: U.S. output, removals, and consumption, 1970-78

Year	Output	Removals					Estimated inventory increase	Total U.S. consumption
		Taxable	Tax-exempt			Overseas forces		
			Total	Exports	Shipments 1/			
Billions								
1970	583.2	532.8	51.2	29.2	3.7	18.4	14.7	536.5
1971	576.4	528.9	49.2	31.8	2.7	14.7	-11.4	555.1
1972	599.1	551.0	49.0	34.6	2.1	12.3	-3.3	566.8
1973	644.2	590.3	55.9	41.5	2.0	12.4	13.1	589.7
1974	635.0	576.2	59.2	46.9	1.9	10.4	-12.1	599.0
1975	651.2	588.3	62.3	50.2	1.5	10.6	-7.7	607.2
1976	693.4	617.9	72.0	61.4	1.9	8.8	13.5	613.5
1977 4/	665.9	592.0	78.1	66.8	1.1	10.2	-17.5	620.0
Year ending June 30 --								
1971	585.1	539.6	47.5	29.0	3.2	15.2	.9	544.0
1972	592.6	542.6	50.2	32.8	2.2	15.2	-8.5	566.4
1973	615.6	562.7	52.2	38.3	2.3	11.6	-2.2	576.8
1974	652.0	594.9	59.1	44.9	2.0	12.2	12.2	595.0
1975	626.8	570.3	57.4	46.6	1.7	9.1	-21.7	601.0
1976	688.2	619.1	69.8	58.2	1.9	9.6	14.0	615.0
1977 4/	671.7	592.3	74.1	62.8	1.3	10.0	-12.0	618.0
1978 5/	680.0	600.0	83.0	72.0	1.0	10.0	-8.5	619.0

1/ To Puerto Rico and other U.S. possessions. 2/ Includes ship stores and small tax-exempt categories. 3/ Taxable removals, overseas forces, inventory change and imports (negligible). 4/ Subject to revision. 5/ Estimated.

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms and the Bureau of the Census.

Table 2—U.S. cigarette exports to leading destinations, 1976-78

Country	1976	1977	January-April	
			1977	1978 ¹
	--- Billions ---			
Belgium-Luxembourg ..	12.1	11.6	3.2	2.4
Hong Kong	5.9	5.6	2.0	1.7
Netherlands Antilles ...	4.1	4.1	1.4	1.3
Japan	2.2	3.3	1.0	1.1
Iran	5.8	8.2	2.6	3.8
Saudi Arabia	2.4	3.5	1.2	1.2
Spain	3.4	4.3	1.2	1.4
Kuwait	2.2	1.6	.6	.6
United Arab Emirates ..	1.6	1.2	.4	.5
Canary Islands	1.1	1.8	.6	.5
Syrian Arab Republic ..	2.1	.7	.2	.3
Lebanon .....	.7	1.9	.3	.5
Panama	1.1	1.3	.3	.6
Other countries	16.7	17.7	4.8	5.9
Total	61.4	66.8	19.8	21.8

¹ Subject to revision.

Compiled from publications and records of the Bureau of the Census.

manufacturers spent \$491 million for cigarette advertising and promotion in 1975, the last year for which figures are available. Hearings have

been held in Congress on bills to preempt State cigarette taxing authority and to provide further penalties for cigarette bootlegging.

Cigar Volume Slips

In the 9 months through March 1978, U.S. use of *large cigars* (including cigarillos) totaled 3.6 billion, 7 percent fewer than the year before. Since 1971, consumption has declined almost steadily and 1977/78 consumption is expected to fall by one-tenth. Demand has been declining in low and medium price categories for several years. In contrast, demand for higher priced cigars remains strong (table 3).

Production of *small cigars* (those weighing less than 3 pounds per 1,000) totaled 1.3 billion in the 9 months through March 1978. For the year through June 1978, output probably fell 11 percent from 1976/77. This decline reflects in part the reduced level of advertising since 1972 and shifting consumer preferences (table 4).

According to the annual survey by the Cigar Association of America, sales of cigarillos totaled 1.6 billion in calendar 1977. Cigarillos weigh between 3 and 10 pounds per 1,000, less than half

Table 3—Cigars and smoking tobacco: Output, removals, and consumption, 1975-78

Year and item	United States factories			From Puerto Rico taxable	Imports	Exports	Total U.S. consumption ¹
	Output	Removals					
		Taxable	Tax-exempt				

Large cigars and cigarillos	Millions							
	1975	4,524	4,915	125	1,216	79	92	5,804
	1976	4,178	4,040	144	1,225	88	124	5,373
	1977 ²	3,927	3,776	130	1,064	92	117	4,945
	Year ending June 30—							
1976	4,188	4,215	135	1,253	82	141	5,544	
1977	4,047	3,864	141	1,229	97	143	5,188	
1978 ³	3,900	3,800	140	1,000	110	120	4,930	
Smoking tobacco	Million pounds							
	1975	46.2	45.6	1.0	---	8.7	1.6	53.7
	1976	44.6	43.7	.9	---	³ 9.9	.8	53.7
	1977 ²	40.7	40.2	.7	---	³ 7.2	.9	47.3
	Year ending June 30—							
1976	45.9	44.8	.9	---	9.3	.9	54.1	
1977	42.8	42.2	.7	---	9.5	.8	51.7	
1978 ³	38.0	38.0	.7	---	8.3	.8	46.2	

¹ Total removals (or sales) from U.S. factories plus those from Puerto Rico, and imports, minus exports. ² Subject to revision. ³ Estimated.

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms, and the Bureau of the Census, and AMS, USDA.

as much as the traditional cigar. Cigarillo sales (based on taxable removals) in 1977 were 32 percent of total sales of large cigars and cigarillos, down from 34 percent in 1976. The cigarillo share reached a high of 38 percent in 1971.

Smokeless Use Increasing, Other Uses Off

Smokeless tobacco output (chewing and snuff) in 1977/78 is estimated above the previous year. Gains are occurring for loose-leaf and fine-cut tobacco (table 4).

Smoking tobacco production and consumption for the year ending June 30 is showing a continuation of the downtrend since 1970. In the first 9 months of 1977/78, domestic smoking tobacco output fell 11 percent to 28 million pounds. Imports also declined and total domestic sales dropped 12 percent to 34 million pounds. Declines occurred in sales of domestic tobacco for both pipes and roll-your-own cigarettes.

Table 4—Tobacco products: Output, 1976-78

Item	Year ending June 30—		
	1976	1977	1978 ¹
<i>Million pounds</i>			
Chewing tobacco			
Plug	17.6	16.5	16.3
Twist	2.3	2.3	2.1
Fine-cut	7.8	9.1	10.6
Loose leaf	56.7	58.5	63.0
Total	84.4	86.4	92.0
Snuff	24.6	25.3	24.0
Smoking tobacco in bulk (exports)	11.8	13.4	4.5
<i>Millions</i>			
Small cigars	2,513	2,056	1,800

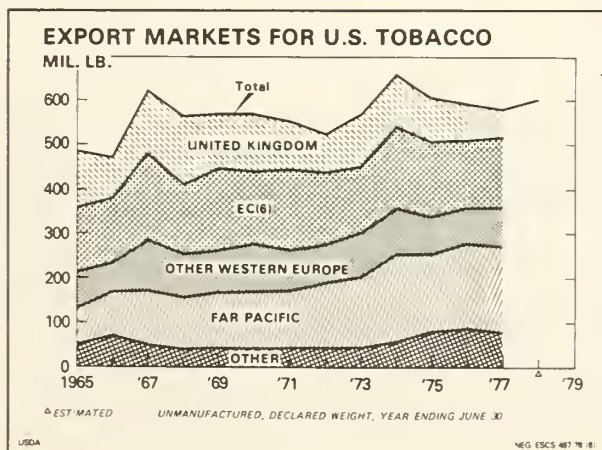
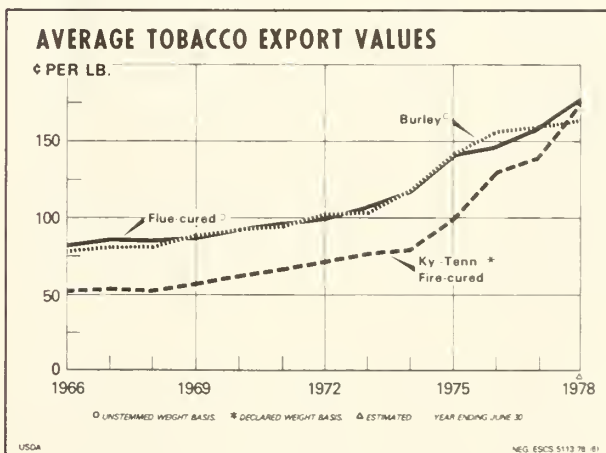
¹ Estimated.

Basis data compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms, and Agricultural Marketing Service, USDA.

U.S. EXPORTS AND IMPORTS

Leaf Exports Maintained

For the year ending June 1978, exports of unmanufactured tobacco are estimated to slightly exceed the previous 12 months' 582 million pounds (export weight). During July 1977-April 1978, shipments increased 11 percent to 555 million pounds. The average unit value of exports increased 11 percent. January-April exports of 222 million pounds were 3 percent above the same months of 1977. The seasonal peak in Japan's shipments came as usual in December 1977, while the European Community (EC) and other European markets had a bulge in their takings in early 1978 from greater than expected volumes.



A 10-percent increase in flue-cured tobacco accounted for most of the gain in total exports during the July-April period. Burley and fire-cured tobacco (Ky-Tenn.) also were up. Shipments of Maryland were down slightly. An increase occurred for July-April exports of unmanufactured tobacco to Japan, Netherlands, and Switzerland. Virtually all the EC countries took more. The United Kingdom, West Germany, and Italy are the leading EC destinations (table 5).

Indications are that full flavor tobaccos are in strong demand in major markets, so if U.S. growing conditions develop better than the past 3 years and the supply of exportable grades increases, our

Table 5—United States exports unmanufactured tobacco by type and to principal importing countries, 1969-78

(Declared weight)

Type and country	Average 1969-73	1974	1975	1976	1977 ¹	January-April		1978 as a percentage of 1977
						1977 ¹	1978 ²	
	- - - Million pounds - - -					Percent		
Type:								
Flue-cured	396.7	440.9	391.4	378.7	410.1	135.0	138.3	102
Burley	48.5	60.8	61.9	67.9	79.1	36.3	39.2	108
Maryland	10.4	10.9	4.1	8.3	7.7	1.4	2.2	157
Fire-cured, Ky. and Tenn.	19.9	19.4	14.9	16.3	19.1	5.2	2.7	52
Virginia fire and sun-cured	4.0	6.0	3.3	2.8	5.3	2.4	.7	29
Green River and One Sucker . . . . .	.7	1.0	.3	.3	.1	.1	.3	300
Black Fat	2.5	2.7	3.5	3.3	2.7	.8	.6	75
Cigar wrapper	1.7	2.9	4.3	3.7	4.1	1.1	1.1	100
Cigar binder . . . . .	.3	.1	.2	.3	.2	*	*	---
Cigar filler . . . . .	.4	.6	.2	.4	.3	.1	*	---
Perique . . . . .	.2	.2	.1	.1	.1	.1	*	---
Stems, trimmings and scrap	70.2	105.9	78.9	95.7	99.9	33.3	36.7	110
Total	555.5	651.4	563.0	577.7	628.6	215.8	222.2	103
Country of destination:								
United Kingdom	110.9	94.3	78.5	71.8	46.8	13.0	43.1	332
France	8.4	8.2	9.5	8.3	6.3	2.2	2.8	127
Belgium-Luxembourg	15.0	14.4	8.1	7.5	10.5	1.6	4.5	281
Netherlands	28.4	31.0	29.9	24.7	30.5	7.1	7.2	101
West Germany	98.7	97.1	91.0	73.7	78.9	13.5	12.0	89
Denmark	22.3	12.6	16.4	9.0	16.9	8.0	8.2	102
Ireland	10.6	10.2	8.2	7.7	5.4	2.3	1.8	78
Italy	16.8	24.3	31.5	33.2	40.6	29.3	31.8	109
Total EC	311.1	292.1	273.1	235.9	235.9	77.0	111.4	145
Switzerland	24.9	21.3	25.9	24.3	28.8	7.3	5.3	73
Finland	5.4	4.0	8.0	6.2	5.3	2.2	1.8	82
Norway	6.4	5.4	5.6	5.5	6.0	1.9	1.1	58
Sweden	17.1	14.5	15.3	14.1	11.8	1.7	8.2	482
Spain	4.3	8.0	9.4	4.7	5.1	2.5	3.8	152
Thailand	20.5	20.6	18.7	21.8	16.0	16.0	18.2	114
Rep. of Korea	4.9	.8	3.0	7.2	9.8	0	.3	---
Malaysia	8.1	11.9	7.1	7.3	12.2	4.3	2.5	58
Philippines	8.1	11.2	11.8	13.0	15.4	4.7	2.9	62
Taiwan	11.6	23.8	16.0	12.3	20.6	8.8	9.3	106
Japan	56.9	109.6	81.5	132.7	135.4	46.5	24.2	52
Australia	14.0	18.7	15.5	10.3	14.2	4.6	2.9	63
New Zealand	1.9	4.8	5.0	4.9	5.0	1.7	1.5	88
Egypt	1.5	12.3	10.4	11.1	26.7	11.6	12.4	107
Other countries	66.9	92.4	56.7	66.4	80.4	25.0	16.4	66
Total	555.5	651.4	563.0	577.7	628.6	215.8	222.2	103

¹ Subject to revision. ² Preliminary.

Detail may not add to total due to rounding. *Less than 50,000 pounds.

Compiled from publications and records of the Bureau of the Census.

export prospects for the rest of 1978 could hold near the July-December 1977 total of 333 million pounds. For the same second-half period in 1971-75, the total averaged 300 million pounds, but it then declined to 287 million pounds in 1976. Short supplies of U.S. crops this season could limit our exports later on in the 1978/79 marketing year.

Import Pace Steadies

U.S. tobacco imports for consumption (factory use) during January-April 1978 were about the

same as a year earlier (table 6). A gain occurred for cigarette tobacco imports, while cigar categories declined. The supply of U.S. cigarette tobacco has increased while the cigar tobacco supplies are down.

January-April 1978 arrivals of tobacco (general imports) totaled 134 million pounds, up substantially from the same period a year earlier. U.S. purchases of cigarette tobaccos gained to supplement U.S. supplies. By April 1 of this year, U.S. stocks of foreign-grown cigarette and smoking tobacco gained 20 million pounds, 3 percent above a year

Table 6—U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, 1977, and January-April 1977-78¹

(Declared weight)

Classification and country of origin	Imports for consumption				General imports (arrivals)			
	1977	January-April		1978 as a percentage of 1977	1977	January-April		1978 as a percentage of 1977
		1977	1978 ¹			1977	1978 ¹	
	--- Million pounds ---				Percent			
Cigarette tobacco:								
Leaf, unstemmed:								
Oriental								
Turkey	87.2	31.2	30.0	96	56.7	25.6	45.5	178
Greece	16.1	5.0	8.0	160	24.9	15.7	17.0	108
Yugoslavia	13.8	5.3	5.6	106	14.1	8.2	5.7	70
Lebanon	6.5	2.1	1.6	76	7.6	1.5	1.9	127
Other countries	39.9	11.7	13.2	113	27.8	10.1	5.7	56
Flue-cured	5.2	2.6	1.4	54	20.3	4.9	4.6	94
Burley	18.5	8.0	5.4	68	30.6	8.3	9.1	110
Other	6.9	1.0	3.0	300	6.8	1.0	2.4	240
Subtotal	194.1	67.0	68.3	102	188.8	75.3	91.9	122
Scrap								
Turkey	6.4	1.3	2.2	169	9.5	(²)	1.1	---
Mexico	5.8	.8	1.9	238	3.5	.1	1.0	10
Other countries ²	20.9	7.9	8.1	103	27.5	1.9	10.1	532
Subtotal	32.1	10.0	12.2	122	40.5	2.0	12.2	610
TOTAL	226.2	70.9	73.2	103	229.3	77.3	104.1	135
Cigar tobacco:								
Wrapper	1.7	.5	.7	140	2.2	.8	.9	112
Filler-stemmed and unstemmed								
Dominican Republic	1.0	.4	.6	150	5.7	4.7	4.4	94
Other countries	4.9	1.8	2.1	117	19.9	4.0	11.2	280
Subtotal	5.9	2.2	2.7	123	24.6	8.6	15.6	181
Scrap								
Philippine Republic	13.3	6.0	5.1	85	7.4	3.7	2.6	70
Colombia	3.7	1.2	1.1	92	3.2	.2	.6	300
Dominican Republic	7.5	3.0	1.8	60	.5	.3	.9	300
Brazil	25.3	10.4	8.2	79	13.0	5.3	3.3	62
Other countries	25.5	13.9	15.8	114	18.1	5.4	4.7	87
Subtotal	75.3	34.5	32.0	93	42.2	14.9	12.1	81
TOTAL	82.9	37.2	35.6	96	70.0	24.5	24.3	99
Stems	7.1	3.1	2.6	84	7.2	3.2	2.6	81
Grand total	316.2	111.2	109.8	99	306.5	104.9	134.0	128

¹ Preliminary. ² Canada, Yugoslavia, Greece, Cyprus, Syria, Lebanon, India, Thailand, Korea, Angola, Mozambique, Zambia, and Malawi.

Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

earlier. The gain occurred in flue-cured tobacco as the 1977 U.S. crop was inadequate for many buyers' requirements (table 7).

GATT Trade Talks Continue

The United States is working toward agreement with the EC on agricultural trade, export subsidies code, and a new import safeguards procedure at the current trade negotiations underway at Geneva, Switzerland, under the framework of the General Agreement on Tariffs and Trade (GATT). The United States is pressing toward significant tariff

cuts and specific codes of international conduct, while the EC would prefer a small level of tariff reduction and less formal trade rules. Codes for customs valuation and product standards are also being considered but are not expected to be as difficult to negotiate.

The United States is committed to obtaining better terms of trade for U.S. agriculture, including the U.S. tobacco industry. The statutory U.S. deadline for completing negotiations is January 4, 1980; however, the current round of negotiations is expected to wind up in July 1978. Over 90 countries are in the Geneva talks, which officially began in Tokyo, Japan, in September 1973.

Table 7—Imported foreign-grown cigarette leaf stocks, by quarters, 1971-78¹

Year	Jan. 1	April 1	July 1	Oct. 1	Jan. 1	April 1	July 1	Oct. 1
--- Million pounds ---								
	Foreign-grown flue-cured				Foreign-grown oriental and aromatic			
1971	13	11	14	15	367	371	382	347
1972	12	12	24	19	320	357	389	360
1973	31	31	40	38	369	376	387	360
1974	38	44	47	54	355	374	383	350
1975	53	49	70	70	377	412	415	380
1976	74	73	72	101	361	431	416	405
1977	100	102	109	117	397	365	362	347
1978	117	120			344	364		
	Foreign-grown burley				Total imported cigarette leaf			
1971	5	5	4	6	386	386	400	367
1972	7	9	9	11	339	377	423	390
1973	17	24	27	36	418	431	455	434
1974	49	59	67	88	442	477	497	493
1975	118	107	145	136	548	567	623	587
1976	134	124	132	141	568	628	619	646
1977	139	132	127	138	637	599	598	602
1978	140	136			601	619		

¹ Farm sales weight.

TOBACCO LEAF SITUATION AND OUTLOOK¹

1978 Crop Off to Slow Start

Cool, rainy weather during most of April and May slowed the growth of the tobacco crop early in the season and may delay crop maturity somewhat. By mid-May, the flue-cured crop was about 2 weeks behind average. By early June, tobacco setting was nearly completed in North Carolina but still in full swing in Kentucky, Tennessee, and Virginia.

Auctions for the 1978 flue-cured crop are expected to begin in July, possibly in the second half of the month. The date depends on recommen-

dations of the Flue-Cured Marketing Advisory Committee and estimates of when a sufficient volume will be marketable in a given area. Last year's auctions began July 13.

Crop quality and demand will again influence prices. Growers are expected to sell a larger share of their flue-cured crop as upper stalk leaf, which means this year's crop may turn out to be of higher quality. A 6-percent higher overall support level prevails so prices are expected to average above last year (table 8).

USDA's Crop Reporting board will publish its first estimate of flue-cured yield per acre and production on July 11. Subsequent monthly reports, beginning August 10, will also estimate yield and

¹All quantities in this section are stated in farm-sales weight equivalent unless otherwise noted.

Table 8—Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1968-78

(Farm-sales weight)

Marketing year	Acreage harvested	Yield per acre	Production	Beginning stocks ¹			Total supply
				Manufacturers and other	Under loan	Total	
	<i>Thousand acres</i>	<i>Pounds</i>		<i>--- Million pounds ---</i>			
	Flue-cured, types 11-14						
1968	533.0	1,841	² 995.6	1,528.1	773.4	2,301.5	3,297.1
1969	576.8	1,825	² 1,052.8	1,299.6	800.5	2,100.1	3,152.9
1970	584.1	2,042	² 1,178.1	1,227.5	744.9	1,972.4	3,150.5
1971	525.8	2,050	² 1,076.3	1,214.5	761.9	1,976.4	3,052.7
1972	513.6	1,971	² 1,022.1	1,292.4	617.8	1,910.2	2,932.3
1973	575.1	2,011	² 1,159.0	1,347.0	402.3	1,749.3	2,908.3
1974	616.3	2,014	² 1,245.1	1,330.6	276.7	1,607.3	2,852.4
1975	717.2	1,973	² 1,414.7	1,471.9	179.9	1,651.8	3,066.5
1976	666.6	1,974	² 1,316.0	³ 1,539.1	359.2	³ 1,898.3	3,214.3
1977 ⁴	589.3	1,917	² 1,124.2	1,509.2	556.9	2,066.1	3,190.3
1978 ⁵	579.5	1,950	1,130.0	1,470.3	560.0	2,030.3	3,160.3
	Burley, type 31						
1968	237.6	2,372	563.4	1,002.4	321.7	1,324.1	1,887.5
1969	237.7	2,488	591.4	975.7	340.8	1,316.5	1,907.9
1970	216.4	2,590	560.5	887.9	454.8	1,342.7	1,903.2
1971	213.5	2,213	472.6	882.4	468.4	1,345.8	1,818.4
1972	235.6	2,552	² 590.3	920.9	327.6	1,248.5	1,838.8
1973	222.1	2,028	² 461.4	952.5	276.7	1,229.2	1,690.6
1974	260.7	2,350	² 610.4	931.5	139.2	1,070.7	1,681.1
1975	282.2	2,265	² 638.3	1,082.4	12.0	1,094.4	1,732.7
1976	285.8	2,376	² 663.8	³ 1,115.3	44.8	³ 1,160.1	1,823.7
1977 ⁴	268.5	2,298	² 612.5	1,159.1	54.9	1,206.3	1,818.8
1978 ⁵	264.9	2,310	610.0	1,135.3	75.0	1,213.8	1,823.8
	Disappearance			Average price per pound	Price support level	Placed under loan	
	Total	Domestic	Exports			Quantity	Percentage of crop
	<i>--- Million pounds ---</i>			<i>--- Cents ---</i>		<i>Million pounds</i>	<i>Percent pounds</i>
	Flue-cured, types 11-14						
1968	1,197.0	671.7	525.3	66.6	61.6	128.8	12.9
1969	1,180.5	645.9	534.6	72.4	63.8	97.6	9.3
1970	1,174.1	640.1	534.0	72.0	66.6	144.2	12.2
1971	1,142.5	662.5	480.0	77.2	69.4	55.7	5.2
1972	1,183.0	664.2	518.8	85.3	72.7	24.3	2.4
1973	1,301.0	703.0	598.0	88.1	76.6	30.7	2.7
1974	1,200.6	652.3	548.3	105.0	83.3	23.0	1.9
1975	1,193.1	670.6	522.5	99.8	93.2	259.0	18.4
1976	1,148.2	634.0	514.2	110.4	106.0	277.3	21.0
1977	⁵ 1,160.0	⁵ 635.0	⁵ 525.0	117.6	113.8	195.6	17.3
1978					121.0		
	Burley, type 31						
1968	571.0	516.1	54.9	73.7	63.5	56.2	10.0
1969	565.2	507.1	58.1	69.6	65.8	158.2	26.8
1970	557.4	503.0	54.4	72.2	68.6	47.7	8.5
1971	569.9	515.2	54.7	80.9	71.5	.2	---
1972	609.6	534.5	75.1	79.2	74.9	22.9	3.9
1973	619.0	533.1	86.8	92.9	78.9	.7	.1
1974	586.7	518.8	67.9	113.7	85.8	2.8	.4
1975	602.5	510.1	92.4	105.6	96.1	50.7	7.9
1976	617.4	500.6	116.8	114.2	109.3	46.6	7.0
1977	⁶ 605.0	⁶ 510.0	⁶ 95.0	120.0	117.3	57.0	9.2
1978					124.7		

¹ July 1 for flue-cured; October 1 for burley. ² Sales. ³ Adjusted for change in conversion factor January 1, 1977. ⁴ Subject to revision. ⁵ Estimated, projected crop. ⁶ Estimated.

production for burley and other kinds. During the last decade, the final crop estimate closely approximated the first forecast with the final figure coming within 1½ percent of the July estimate in 7 out of 10 years.

Pesticide Residue Developments

As a condition for receiving price support, growers must certify that they did not use DDT, TDE, endrin, or toxaphene pesticides. Growers who certify falsely are subject to fines or imprisonment.

DDT and TDE residue levels fell again last year. Samplings of the 1977 crop showed 2 samples with residue of 3 parts per million (p/m) or more. If an analysis shows DDT-TDE residues of 3 parts p/m or greater, the grower is denied price support. Resi-

dues of 10 p/m or greater mean the grower is in violation if he certified that chemicals were not applied to his crop.

FLUE-CURED

Leaf Stocks Higher; Use Declines

April 1 stocks of flue-cured tobacco (types 11-14) totaled 2,272 million pounds, 33 million below a year earlier. Reflecting the sizable sales of the loan tobacco, stocks of that category declined to 554 million pounds. Manufacturer and dealer holdings remained about the same.

Total disappearance during July 1977-March 1978 was 917 million pounds, about 1 percent higher than the corresponding period of 1976/77. Domestic disappearance accounted for most of the gain. Cigarette production was about unchanged. Use of imported tobacco for cigarettes gained.

Export Pace Steady

With firm demand overseas, U.S. flue-cured exports this marketing year are exceeding last season's levels. For July through April, exports totaled 492 million pounds, compared with 445 million in the same period of a year earlier.

Among the three leading destinations for U.S. flue-cured tobacco, Japan and the United Kingdom each took more in July-April but West Germany took less. Italy's purchases also are rising in the 1977/78 season. While rising U.S. prices are encouraging EC manufacturers to import from sources enjoying preferential duties, the flavorful U.S. tobacco is still desired in blended cigarettes.

Disappearance Stable

Disappearance of flue-cured tobacco in 1977/78 is expected to reach or exceed the 1,148 million pounds used in 1976/77 (table 8). These prospects are close to last season's marketings but still about 12 percent below the record set in 1973/74. Carry-over may approach a year earlier, but stay one-fifth below the 1965 record.

During July 1977-May 1978, 244 million pounds of loan stocks were sold, substantially above the low level of the previous 2 years. Unsold stocks on May 31, 1978, totaled 552 million pounds, compared with 565 million a year earlier (table 9). The record was 960 million on January 1, 1965.

1978 Flue-Cured Acreage Declines

The 1978 effective flue-cured acreage allotment, reflecting last year's overmarketings and undermarketings, is about 641,000 acres, and the effective poundage allotment is about 1,184 million

Tobacco: U.S. Department of Agriculture price support loan and program operations, and other expenditures, 1976-77

Item	Year ending	Quarter ending	Year ending
	June 30, 1976	Sept. 30, 1976	Sept. 30, 1977
--- Million dollars ---			
Price support loan operations			
New loans made	315.8	150.4	285.2
Repayments	81.7	8.0	124.0
Charged off	(¹)	(¹)	.2
Net additions (minus)	234.1	142.4	261.0
Loans outstanding:			
Value	352.6	491.4	652.4
Quantity (mil. lbs.)	338	452	556
CCC program operations			
Export payments .....	.8	.1	.1
Public Law 480 sales:			
Dollar credit	15.0	3.0	50.2
Short term credit sales	81.0	21.7	66.9
Recoveries of costs ²	81.3	8.5	72.6
Subtotal, net CCC costs ³	14.7	16.3	44.4
Other expenditures			
Administration of quota program	15.1	5.0	15.9
Inspection, grading	5.9	3.0	6.3
Market news .....	.4	.2	.5
Research and extension, production & marketing	6.9	1.8	7.3
Miscellaneous .....	.8	.2	.5
Subtotal, other	29.1	10.2	30.5
Net USDA costs	43.8	25.5	74.9

¹ Less than \$50,000. ² P.L. 480 and short term credit sales (estimated). ³ Includes loan operations charged off.

Compiled from Commodity Credit Corporation, *Report of Financial Conditions and Operations*, Sept. 30, 1976, and Sept. 30, 1977, and records of Office of Management and Finance.

Table 9—Tobacco loan stocks, 1976-78
(Farm-sales weight)

Type	End of May		
	1976	1977	1978 ²
<i>Million pounds</i>			
Flue-cured, 11-14	353.1	596.9	580.9
Uncommitted	340.1	563.8	³ 553.5
Burley, 31	53.0	75.0	³ 118.3
Uncommitted	45.6	50.9	³ 111.4
Virginia, 21 .....	.1	.1	1.1
Kentucky-Tennessee, 22-23 .....	.3	0	1.1
Kentucky-Tennessee, 35-36	(¹)	(¹)	(¹)
Ohio, 42-44	0	.4	.1
Puerto Rican, 46	0	0	2.3
Connecticut Valley, 51-52 .....	.8	1.0	1.0
Wisconsin, 54-55	(¹)	(¹)	(¹)
Total	487.3	673.4	704.8

¹ Negligible. ² April 30. ³ May 31.

Compiled from records of Producer Associations Division, ASCS.

pounds, down 1 percent from last year (table 10). Even though participating growers can increase acreage 20 percent above allotment, the harvested acreage will again fall considerably short of allotted acreage.

With the flue-cured basic quota unchanged, growers' April 1 intentions were to set about 2 percent less flue-cured acreage than in 1977. In 1977, growers leased 37.5 percent of the poundage quota from other allotment owners within their county. The proportion is expected to remain near that level this year. Higher lease rates likely prevailed this season. Since 1972, flue-cured marketing quotas can be leased and transferred throughout the season, subject to limitations enacted in 1977.

Assuming a normal growing season, and yields modified by the acreage-poundage program for the intended acreage, the crop may total about 1.12 billion pounds. Production at this level, plus the prospective carryover, would bring the total 1978/79 supply near the 3.2 billion pounds in 1977/78.

Table 10—Flue-cured and burley tobacco: Marketing quota and marketings, 1965-78

Year	Quota		Marketings				Net Carryover ²	
	Basic	Effective	Actual	Over-quota	Under-quota	Effective under quota ¹		
	- - - Million pounds - - -							
	Flue-cured, types 11-14							
	1965	1,126.0	1,124.4	1,055.5	27.1	96.0	91.2	64.0
	1966	1,135.0	1,199.0	1,107.9	35.0	126.1	111.1	76.1
	1967	1,126.3	1,202.4	1,247.5	77.9	30.8	18.4	-59.5
	1968	1,127.5	1,067.9	996.4	26.5	96.6	86.1	59.6
	1969	1,127.4	1,187.0	1,052.1	26.6	157.9	145.9	119.3
	1970	1,071.5	1,190.8	1,178.2	65.1	71.2	63.4	-1.7
	1971	1,071.6	1,069.9	1,076.3	60.4	49.9	45.8	-14.5
	1972	1,071.2	1,056.7	1,022.1	41.2	72.9	68.1	26.8
	1973	1,178.7	1,205.6	1,159.0	54.8	100.5	95.3	40.5
	1974	1,296.6	1,337.1	1,245.3	50.0	138.9	132.4	82.5
	1975	1,491.4	1,572.3	1,414.6	50.9	203.2	192.3	141.0
	1976	1,268.1	1,409.1	1,316.0	49.4	139.9	130.2	80.8
	1977	1,116.5	1,197.3	1,124.2	42.6	115.2	110.7	68.1
	1978 ³	1,116.4	1,184.5					
	Burley, type 31							
	1971	555.1	553.0	471.5	9.7	91.1	89.7	80.1
	1972	531.5	611.5	588.6	30.7	45.7	44.6	13.9
	1973	559.7	573.6	460.7	11.3	113.1	111.7	100.3
	1974	606.5	706.8	610.4	23.0	118.9	104.0	81.0
	1975	669.5	750.4	639.9	21.8	127.5	113.4	91.6
	1976	634.8	726.4	663.6	33.1	96.2	82.5	49.4
	1977 ³	634.3	683.7	612.5	27.2	102.0	84.2	57.0
	1978 ³	612.8	669.8					

¹ Under quota marketing less ineligible carryover. ² Effective under quota marketings less over quota marketings. ³ Subject to revision.

Compiled from records and reports of Price Support and Loan Division, ASCS.

1978 Price Support Details

Under flue-cured acreage-poundage marketing quotas, price support is not provided if growers exceed their farm acreage allotments. However, in 1978, a 20-percent tolerance is provided for growers who leave unharvested the four lower leaves. Growers who handle 19 percent of the poundage quota have agreed to participate in the "4-leaf" program.

USDA announced on May 26 the proposed 1978 loan rates for the various grades of flue-cured tobacco. Rates range from 74 cents to \$1.56 a pound, reflecting the national average support level of \$1.21 a pound. This is about 6 percent above 1977. The largest increases were for leaf grades, which typically account for over half of the farm sales and have been in strongest demand in recent years.

As in the past, no price support will be offered in 1978 on any flue-cured tobacco graded N2 (second quality nondescript), No-G (no grade), U (unsound), W (doubtful keeping order), or scrap. Marketings of such tobacco will be charged against individual farm quotas.

Leasing regulations again limit leasing after June 14 to the difference between expected production from planted acreage and actual production. Also, the receiving farm may not lease in more than the difference between the farm quota and poundage for marketing.

Last year, USDA issued revised standard grades for flue-cured tobacco. More stringent waste tolerances were established in the nondescript group. A more precise definition of foreign matter was given.

en. These changes helped hold down loan outlays. But the buildup in loan stocks of low-stalk grades to 40 percent of total and the accompanying large volumes of less desirable upper stalk grades have affected the overall ability of loan stocks to provide an industry reserve.

Flue-cured Growers Again Designate Warehouses

By the April deadline, growers of flue-cured tobacco had designated 94 percent of their marketable quota to the auction warehouses where they wish to market their 1978 crop. This procedure began in 1974 as a requirement for price support and has resulted in most producers receiving equitable marketing opportunities and in a much more orderly marketing pattern than had prevailed previously. Sales schedules and inspection services are provided at individual warehouses on the basis of quantity of tobacco designated.

After growers make warehouse designations at their local Agricultural Stabilization and Conservation Service office, grower lists are prepared for each warehouse and the information is sent to the Flue-cured Tobacco Marketing Advisory Committee. Besides opening dates and sales schedules, the committee recommends the geographic areas to be included in specific marketing areas (table 11).

As occurred last year, sales opportunity for undesignated tobacco will be based on positive actions by growers indicating they wish to sell their tobacco on undesignated marketing cards. Assignment is in proportion to each warehouse's

Table 11—Flue-cured tobacco: Effective farm quotas, designations, and marketings, 1977-78¹

Type and State or marketing area	Effective farm quotas		Initial designation		Final designation		Marketings	
	1978	Change from 1977	1977 ²	1978 ²	1976	1977	1976	1977
	Mil. lb.	Percent			--- Million pounds ---			
11-Virginia (E)	103	-8.4	132	119	172	139	123	109
11-North Carolina (D,E) .	270	-6.2	228	207	287	238	339	282
Sub total	373	-6.5	360	326	459	377	462	391
12-North Carolina (C) . . .	421	+5.7	487	500	591	501	433	345
13-North Carolina (B) . . .	106	+5.3	107	114	123	110	110	92
13-South Carolina (B) . . .	141	+3	141	138	163	145	153	138
Sub total	247	+2.5	248	252	286	255	263	230
14-Alabama	1	-7.4	---	---	---	---	1	1
14-Florida (A)	24	-3.4	25	22	32	25	30	24
14-Georgia (A)	119	-10.6	146	128	158	151	123	130
Sub total	144	-8.9	171	150	190	176	154	155
Total, flue-cured ³ . . .	1,184	-1.1	1,265	1,228	1,527	1,309	1,313	1,121

¹Data may not add to totals due to rounding. ²Growers are allowed to designate 110 percent of their effective quotas.

³Computed from unrounded data.

Compiled from reports from Tobacco Division, Agricultural Marketing Service, and Price Support and Loan Division, Agricultural Stabilization and Conservation Service.

share of a marketing area's volume of designated tobacco.

Provisions have been made again for growers wishing to change their designation during the marketing season. Growers are allowed to redesignate their tobacco during the 5 working days ending on the first Friday in each month after markets have opened.

BURLEY

Burley Use Down Slightly

Domestic use of burley was unchanged, but exports declined in the first half of the marketing year (October 1977-March 1978). At 316 million pounds, the 6-month disappearance was 2 percent below a year earlier. Domestic use totaled 268 million pounds, even though cigarette output declined 3 percent.

For the first 7 months of the marketing year, burley exports totaled 59 million pounds, 6 million below a year earlier. Despite the October-November dock strike, Italy and Thailand took more. On an unstemmed-leaf basis, burley exports averaged \$1.71 per pound this past October-April, up 10 cents from a year earlier.

Carryover Stable

Carryover at the beginning of the 1977 season was up 46 million pounds to 1,206 million pounds. By April 1, 1978, with the smaller 1977 crop in storage, stocks totaled 1,503 million pounds, about the same as a year earlier. On April 30, loan holdings were 118 million pounds, about 36 million larger than a year earlier. Steady domestic use and near-record exports are expected to maintain disap-

pearance near last season's and about equal to the small 1977 crop. This would result in a relatively stable carryover near 1,213 million pounds on October 1 (table 8).

The effective 1978 burley poundage quota is down 2 percent. According to April 1 intentions, farmers planned to set about 4 percent less burley acreage than last year. Assuming yields near the 1972-76 average, production will total 610 million pounds, about the same as last season's marketings. Indicated carryover, plus the projected crop, would result in 1978/79 supply about the same as this year's 1.8 billion pounds.

Loose-leaf Test Proposal

The Council for Burley Tobacco has proposed to USDA that a test on untied burley in bales be conducted with price support available. It is claimed that labor costs in preparing burley for marketing can be reduced without hurting quality. Under the proposal, growers could sell 5 percent of their crop or 1,500 pounds, whichever is greater, during specified sales days.

SOUTHERN MARYLAND

Crop Same, Supply Larger

This season's better quality crop of Maryland tobacco (type 32) raised auction prices to a record high. Prices averaged \$1.15 per pound for the season, 5 cents above a year earlier, as all grade prices rose. Maryland tobacco goes almost entirely into cigarettes. Auction sales began April 11 and ended June 1. Sales volume of the 1977 Southern Maryland crop was about the same as 1976 crop outturn, slightly below the crop estimate. The yield was the same as the previous year's crop.

Table 12—Burley tobacco: Farm marketings by State and across-state line movement, 1977 crop

State	Total farm mar- ketings	Sold in—								Total sold out of state
		Ind.	Ky.	Mo.	N.C.	Ohio	Tenn.	Va.	W. Va.	
	--- Million pounds ---									
Indiana	16.3	10.2	6.1			(¹)				6.1
Kentucky	411.8	3.5	402.9			0.4	5.0	(¹)	0.1	8.9
Missouri	5.9		0.2	5.7						0.2
North Carolina	23.6		(¹)		18.2		5.3	0.1		5.4
Ohio	19.0	(¹)	6.0			12.0			1.0	7.0
Tennessee	107.7		1.7		0.7		99.8	5.5		7.9
Virginia	25.4	(¹)	(¹)		1.2		0.4	23.7		1.7
West Virginia	2.9		0.3		(¹)	(¹)		0.1	2.4	0.5
Total ²	612.5	13.7	417.2	5.7	20.1	12.4	110.5	29.4	3.5	37.8

¹ Less than 50,000 pounds. ² Includes 137,000 pounds produced in Alabama, Arkansas, Georgia, Illinois, Kansas, and South Carolina.

Details may not add to total due to rounding.

Compiled from records of Tobacco and Peanut Division, ASCS.

Growers have not approved marketing quotas since the 1965 crop and Maryland tobacco has not been eligible for government price support.

Disappearance during the first half of the marketing year (October 1977-March 1978) was 8.0 million pounds, about 2.6 million below a year earlier. Both domestic disappearance and exports declined. In the first 7 months of the current marketing year, exports were 1.3 million pounds below a year earlier.

Carryover May Rise Slightly

For the 1977/78 season ending in September, disappearance of Maryland tobacco is expected to drop 2 million pounds from last season's 30 million pounds (table 13). Supplies are above last season. Carryover next January 1 may range from the same to slightly above this year.

Based on farmers' April planting intentions and average yield, the 1978 crop may equal the 1977 outturn. Over the past decade, harvested acreage generally has fallen about 5 percent short of spring plans. April plans are made before the previous season's crop has been marketed (mid-April to mid-June). But if the prospective crop is achieved, the supply for 1978/79 would be slightly above the 75 million pounds for this season.

FIRE-CURED

Disappearance Rises

Disappearance of fire-cured tobacco (types 21-23) during the first half of the marketing year that began October 1, 1977 was about 23.5 million pounds, up 2 million pounds from last season. Domestic use increased as the dock strike lowered exports.

The 36-percent larger crop sold for \$1.215 per pound, 13 percent less than the record for the 1976 crop. Buyers were able to replenish small stocks from the larger crop (table 14).

Due to last season's lower prices, growers may cut acreage. According to April 1 planting intentions, decreases are expected in all areas. On indicated acreage with an average yield, growers would produce a 50-million-pound crop, about 5 percent less than in 1977. The supply for 1978/79 may still gain substantially.

Exports of fire-cured tobacco in 1977/78 may decline from last season. Exports of 7.3 million pounds of types 22-23 during October 1977-April 1978 were about 4 million below a year earlier (includes allowance for Black Fat). The Netherlands, the leading outlet, alone cut takings almost 4 million pounds. Exports of Virginia fire-cured tobacco, at 1.3 million pounds in October 1977-April 1978, were down 2.5 million from a year earlier.

DARK AIR-CURED

Supplies Increase

Disappearance of dark air-cured and sun-cured tobacco (types 35-37) during the first half of the current marketing year was 13.8 million pounds, 11 percent above a year earlier. Domestic use was up even though the manufacture of plug chewing tobacco—a major domestic outlet for this dark air-cured tobacco—was slightly below a year earlier. Exports were off slightly as Black Fat tobacco—a semi-processed product of mostly dark air-cured and fire-cured leaf—decreased about 25 percent in October 1977-April 1978 from the year-earlier level of 1.8 million pounds. Almost all Black Fat goes to West African destinations.

Table 13—Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1969-78

Marketing year	Acreage harvested	Yield per acre	Supply			Disappearance ¹			Average price per pound to growers
			Production	Stocks, Jan. 1	Total	Total	Domestic	Exports	
	Thousand acres	Pounds				--- Million pounds ---			Cents
1969	26.5	1,060	28.1	66.7	94.8	41.3	29.1	12.2	75.1
1970	27.0	1,090	29.4	50.1	79.5	39.5	27.6	11.9	78.6
1971	27.0	1,040	28.1	46.0	74.1	25.5	17.5	8.0	81.9
1972	24.0	990	23.8	46.6	70.4	25.5	13.4	12.1	84.5
1973 ²	27.8	1,260	35.0	43.8	78.8	26.1	13.8	12.3	87.8
1974 ²	26.0	1,260	32.8	51.7	84.5	33.5	25.0	8.5	92.2
1975 ²	23.5	950	21.1	53.6	74.7	34.8	25.1	9.7	107.5
1976 ³	23.0	1,300	29.9	41.9	71.8	29.7	17.2	12.5	110.0
1977 ⁴	23.0	1,300	29.9	45.3	75.2	⁵ 27.6	⁵ 16.6	⁵ 11.0	115.0
1978 ⁵	23.0	1,280	29.4	45.8	75.2				

¹ Year beginning October 1. ² Includes sales and certification. ³ Based on Maryland crop and 75 thousand pounds estimated for other States. ⁴ Subject to revision. ⁵ Estimated, projected crop.

Table 14—Fire-cured tobacco, Kentucky-Tennessee types 22-23, and Virginia fire-cured type 21: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1969-78

(Farm-sales weight)

Marketing year beginning October 1	Acreage harvested	Yield per acre	Production	Beginning stocks, October 1--			Total supply
				Manufac- turers and other	Under loan	Total	
1969 1970 1971 1972 1973 1974 1975 1976 1977 ¹ 1978 ³ 1969 1970 1971 1972 1973 1974 1975 1976 1977 ¹ 1978 ³ 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1969 1970 1971 1972 1973 1974 1975 1976 1977 1978	<i>Thousand acres</i>	<i>Pounds</i>	<i>--- Million pounds ---</i>				
	Kentucky-Tennessee fire-cured, types 22-23						
	19.0	1,797	34.1	61.1	11.6	72.7	106.8
	17.7	1,749	30.9	54.1	9.7	63.8	94.7
	19.5	1,928	37.6	48.6	4.7	53.3	90.9
	20.4	1,844	37.6	55.0	1.2	56.2	93.8
	16.6	1,668	27.7	54.2	3.1	57.3	85.0
	16.2	1,602	26.0	44.0	1.1	45.1	71.1
	18.4	1,772	32.6	40.5	.1	40.7	73.3
	21.2	1,567	33.2	42.6	(²)	42.6	75.8
	25.6	1,766	45.2	41.2	(²)	41.2	86.4
	24.6	1,700	41.8			49.2	91.0
	Virginia fire-cured, type 21						
	5.0	1,340	6.7	8.0	1.9	9.9	16.6
	5.0	1,230	6.2	8.4	1.4	9.8	16.0
	5.0	1,180	5.9	8.0	1.0	9.0	14.9
	4.8	970	4.7	7.9	.4	8.3	13.0
	4.7	1,205	5.7	7.6	(²)	7.6	13.3
	5.0	1,185	5.9	7.1	---	7.1	13.0
	5.0	975	4.9	7.1	.3	7.3	12.2
	5.3	1,000	5.3	7.4	(²)	7.4	12.7
	7.2	1,000	7.2	7.0	(²)	6.7	13.9
	7.2	1,100	7.9			9.4	17.3
	Disappearance			Average price per pound	Price support level	Placed under loan	
	Total	Domestic	Exports			Quantity	Percentage of crop
	<i>--- Million pounds ---</i>			<i>--- Cents ---</i>		<i>Million pounds</i>	<i>Percent</i>
	Kentucky-Tennessee fire-cured, types 22-23						
43.0	18.5	24.5	48.1	44.6	1.9	5.6	
41.4	13.1	28.3	54.4	46.6	(²)	.1	
34.7	16.0	18.7	60.8	48.5	(²)	.1	
36.5	14.2	22.3	57.3	50.8	2.8	7.4	
39.9	15.7	24.2	71.7	53.5	.2	.7	
30.3	14.5	15.8	93.4	58.2	.7	2.7	
30.7	12.2	18.5	104.7	65.2	.1	.4	
34.6	11.2	23.4	142.4	74.1	(²)	---	
⁴ 37.2	⁴ 22.1	⁴ 15.1	125.6	79.5	1.1	2.4	
				84.6			
Virginia fire-cured, type 21							
6.8	1.7	5.1	53.1	44.6	.1	1.5	
7.0	2.4	4.6	52.0	46.6	.1	2.0	
6.6	3.1	3.5	54.8	48.5	.1	1.0	
5.4	1.3	4.1	64.2	50.8	(²)	.1	
6.2	1.7	4.5	75.5	53.5	(²)	---	
5.7	0.7	5.0	81.7	58.2	.3	4.5	
4.8	1.4	3.4	93.0	65.2	(²)	.9	
6.1	⁵ 2.0	4.1	118.0	74.1	.1	1.5	
⁴ 4.5	⁴ 1.3	⁴ 3.2	96.3	79.5	1.1	15.2	
				84.6			

¹ Subject to revisions. ² Less than 50,000 pounds. ³ Estimated, projected crop. ⁴ Estimated. ⁵ Includes 400,000 pounds fire loss, December 1976. --- Less than .05 percent.

Table 15—Dark air-cured tobacco, types 35-36, and Sun-cured tobacco type 37: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1969-78

(Farm-sales weight)

Marketing year beginning Oct. 1	Acreage harvested	Yield per acre	Production	Beginning stocks			Total supply
				Manufacturers and others	Under loan	Total	
	Thousand acres	Pounds		--- Million pounds ---			
	Dark air-cured, types 35-36						
1969	10.1	1,793	18.1	44.1	15.0	59.1	77.2
1970	8.2	1,863	15.4	35.5	18.2	53.7	69.1
1971	8.6	1,834	15.7	35.5	14.3	49.8	65.5
1972	8.2	1,875	15.5	33.5	12.7	46.2	61.7
1973	7.6	1,647	12.4	31.9	12.8	44.7	57.1
1974	7.0	1,653	11.6	31.4	5.5	36.9	48.5
1975	8.0	1,750	14.0	32.7	(²)	32.9	46.9
1976	9.3	1,660	15.1	28.2	---	28.2	43.3
1977 ¹	11.2	1,770	20.4	26.1	---	26.1	46.5
1978 ³	12.0	1,700	20.4			26.5	46.9
	Sun-cured, type 37						
1969	1.1	1,225	1.3	3.8	0	3.8	5.1
1970	1.0	1,100	1.1	3.3	0	3.3	4.4
1971 .....	.9	1,200	1.1	3.1	0	3.1	4.2
1972 .....	.8	1,010	.8	3.0	0	3.0	3.8
1973 .....	.7	1,320	.9	3.2	0	3.2	4.1
1974 .....	.7	1,315	.9	3.0	0	3.0	3.9
1975 .....	.7	930	.7	2.3	0	2.3	3.0
1976 .....	.7	1,115	.8	2.1	0	2.1	2.9
1977 ¹ .....	.8	1,030	.8	1.8	0	1.8	2.6
1978 ³ .....	.8	1,000	.8			1.6	2.4
	Disappearance			Average price per pound	Price support level	Placed under loan	
	Total	Domestic	Exports			Quantity	Percentage of crop
	--- Million pounds ---			--- Cents ---		Million pounds	Percent
	Dark air-cured, types 35-36						
1969	23.5	21.2	2.3	40.3	39.7	4.8	26.5
1970	19.3	16.7	2.6	46.0	41.4	1.0	6.8
1971	19.3	17.4	1.9	47.1	43.1	1.7	10.7
1972	17.0	14.7	2.3	50.3	45.2	1.2	.8
1973	20.2	17.4	2.8	61.9	47.6	(²)	.2
1974	15.6	12.8	2.8	76.9	51.8	.4	3.7
1975	18.7	16.1	2.6	89.8	58.0	.1	.5
1976	17.2	15.1	2.1	113.3	65.9	(²)	---
1977	⁴ 20.0	⁴ 18.0	⁴ 2.0	116.6	70.7	(²)	---
1978					75.2		
	Sun-cured, type 37						
1969	1.8	1.5	.3	52.8	39.7	⁵ 1	.1
1970	1.3	1.1	.2	53.8	41.4	⁵ 3	.3
1971	1.2	1.0	.2	54.1	43.1	0	---
1972 .....	.6	.4	.2	57.9	45.2	0	---
1973	1.1	.9	.2	69.2	47.6	0	---
1974	1.6	1.3	.3	82.1	51.8	⁵ 13	1.4
1975 .....	.9	.7	.2	85.5	58.9	0	---
1976	1.1	.9	.2	105.0	65.9	0	---
1977	⁴ 1.0	⁴ .6	⁴ .4	100.0	70.7	⁵ 13	1.6
1978					75.2		

¹Subject to revision. ²Less than 50,000 pounds. ³Estimated, projected crop. ⁴Estimated. ⁵Quantity placed under loan in thousands of pounds. --- Less than .05 percent.

For the year ending September 30, 1978, disappearance may match the 1977 crop. Carryover will remain about the same (table 15).

Growers of dark air-cured and sun-cured tobacco plan to harvest about 7 percent more acreage this year than last year's 12,000 acres. With higher production, the 1978/79 supply will rise above the 49 million pounds in 1977/78.

CIGAR TOBACCO

1978 Production Likely To Dip

Supplies of domestic-grown cigar tobacco are larger this year due to higher production and carryover stocks. Production in 1978/79 is projected below last year's crop, even though intended acreage is up 1 percent. Considering average yields, a 6-percent decrease is expected for the filler crop. Binder output also may decrease slightly with closer-to-average yields than last season. Wrapper production may decline by 15 percent.

Intended plantings are down 10 percent for Connecticut Valley wrapper, and no production is indicated for Georgia-Florida in 1978.

This year, USDA again is expected to suspend Connecticut Valley binder allotments (types 51-52). Also, USDA transferred filler and binder allotments (types 42-44 and 53-55) to growers who wanted to increase their 1978 plantings. Under terms of this annual reallocation, USDA transferred the allotments from growers who did not wish to use their allotments this year. Reallocated were 2,511 acres in Wisconsin and 1,084 acres in Ohio.

April 1 holdings of U.S. and Puerto Rican cigar tobacco (types 41-62) totaled 151 million pounds, 8 percent above a year earlier. All types increased. On April 1, U.S. stocks of foreign-grown cigar tobacco totaled 101 million pounds, about 9 percent below a year earlier (table 16).

During October 1977-April 1978, manufacturers used about 25 percent less imported cigar tobacco than a year earlier. Imports from Brazil were down 3 million pounds, accounting for one-fourth of the decline.

Filler Supply Up, Disappearance Remains Low

Disappearance of cigar filler during October-March was 17.4 million pounds, 1.3 million pounds below last year. Virtually all cigar filler goes for domestic use. Declining cigar production contributed to declines in disappearance in most recent years.

Based on historical trends and partial 1977/78 data, filler tobacco disappearance may remain more than 25 percent below that of four seasons ago (1973/74). Declines are indicated for Ohio and

Puerto Rican types. Since filler disappearance is expected to be below production by about 5 million pounds, carryover on October 1 may rise to around 69 million pounds, 15 percent over the 1976 record low (table 17).

Binder Disappearance Mixed

Cigar binder disappearance for October 1977-March 1978 was 12.6 million pounds, slightly above a year earlier. Wisconsin binder (types 54-55) increased slightly while Connecticut Valley binder (types 51-52) declined about 0.3 million pounds.

Disappearance of Connecticut Valley binder tobacco for 1977/78 is estimated below last season's output so carryover this October 1 may rise from the very low levels in 1976 and 1977.

Despite gains in production of looseleaf chewing tobacco and the more expensive categories of cigars, total binder use may not rise much above the 22 million pounds of last season. Therefore, carryover stocks will probably rise about 4 million pounds.

Wrapper Use Continues To Decline

A decline in domestic cigar production and rising costs of leaf production curtailed both the use and supply of shade-grown wrapper (types 61-62) in recent years. Disappearance during July 1977-March 1978 was 5 million pounds, down 1 million from a year earlier, continuing the long-term trend. No break in the decline in cigar wrapper disappearance is expected. Carryover will be down more than a tenth.

During the first 10 months of the marketing year, cigar wrapper exports were 4 million pounds, up almost 1 million from a year earlier. The Dominican Republic, the major destination, took more. High duties in the EC continue to discriminate against U.S. tobacco in that area.

FOREIGN DEVELOPMENTS

Foreign News Briefs

Japan, the principal buyer of U.S. tobacco, is in the midst of an antismoking campaign. Some 34 million people, including three out of five adult males, smoke almost 800 million cigarettes a day.² Tobacco sales fell for the first time in 1976. The Japan Tobacco and Salt Public Corporation (monopoly) realized revenues of \$8 billion in 1976, and provided \$2.9 billion to the central government and \$1.7 billion to local governments.

²⁴Antismoking Drive is Penetrating A Thick Haze in Japan," Hiroaki Yoshizaki, *New York Times*, May 13, 1978.

Table 16-- Foreign grown cigar leaf tobacco U.S. imports and stocks, 1975-78

(Farm sales weight)

Country of Origin	: Oct.-		Imports for consumption 1/		: Dealers and manufacturers,	
	: Sept.		October-April		: stocks, April 1--	
	: 1976-77		: 1975-76		: 1975	
	Mil.	lbs.	Mil.	lbs.	Mil.	lbs.
Philippines	14.6	10.4	15.1	11.1	38.7	46.0
Dominican Republic	13.5	9.6	10.0	9.1	24.5	18.7
Brazil	8.8	11.7	10.7	7.8	7.6	6.6
Columbia	3.6	4.4	4.6	3.4	10.7	8.9
Paraguay	4.6	5.3	3.2	3.1	10.8	7.4
Mexico	4.1	12.7	3.8	2.4	5.5	3.8
Indonesia	5.3	4.2	4.8	3.6	10.7	12.7
All other	16.5	29.5	29.4	8.1	20.7	21.4
Total	71.0	87.8	81.4	49.6	129.2	125.6
					111.0	101.0

1/ Includes scrap tobacco from some countries that may be used for cigarette manufacture.

Table 17—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, 1969-78

(Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks ¹	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	--- Million pounds ---						Cents
	Pennsylvania Seedleaf Filler (type 41)								
1969	20.0	1,825	36.5	105.1	140.6	44.3	43.7	.6	30.0
1970	17.0	1,800	30.6	97.3	127.9	40.9	40.7	.2	31.0
1971	15.2	1,610	24.5	87.0	111.5	41.3	40.6	.4	36.0
1972	13.0	1,400	18.2	70.2	88.4	34.7	34.4	.3	46.0
1973	13.0	1,700	22.1	53.7	75.8	28.3	27.5	.8	52.0
1974	13.0	2,000	26.0	47.5	73.5	24.3	24.0	.3	58.0
1975	12.0	1,650	19.8	49.2	69.0	22.2	21.8	.4	58.0
1976	13.5	1,750	23.6	46.8	70.4	20.7	20.3	.4	60.0
1977 ²	13.5	1,940	26.2	49.7	75.9	² 18.6	² 18.4	² .2	60.0
1978 ³	13.5	1,820	24.6	57.3	81.9				
	Ohio, Miami, Valley Filler (types 42-44)								
1969	1.7	1,650	2.8	10.9	13.7	4.7	4.7	---	32.5
1970	1.6	1,750	2.9	9.0	11.9	4.1	4.1	---	38.0
1971	2.0	1,850	3.8	7.8	11.6	4.6	4.6	---	41.0
1972	2.4	1,780	4.2	7.0	11.2	4.4	4.4	---	44.0
1973	2.2	1,420	3.1	6.8	9.9	4.0	4.0	---	51.0
1974	2.0	1,530	3.1	5.9	9.0	3.1	3.1	---	59.0
1975	1.8	1,660	3.0	5.9	9.1	3.4	3.4	---	60.0
1976	1.8	1,550	2.8	5.7	8.5	2.5	2.5	---	59.0
1977 ²	1.7	1,900	3.2	6.0	9.2	² 1.7	² 1.7	---	62.0
1978 ³	1.7	1,700	2.9	7.5	10.4				
	Puerto Rico Filler (type 46) ⁴								
1969	4.7	1,303	6.1	25.8	31.9	12.6	12.6	---	33.6
1970	3.2	1,397	4.5	19.3	23.8	8.8	8.8	---	36.1
1971	4.8	1,418	6.7	15.0	21.7	9.0	9.0	---	39.8
1972	5.6	883	4.8	12.7	17.5	8.3	8.3	---	42.1
1973	4.5	1,435	6.5	9.2	15.7	5.7	5.7	---	42.1
1974	2.7	1,477	3.9	10.0	14.0	7.9	7.9	---	45.5
1975	2.7	1,500	4.3	6.1	10.4	3.2	3.2	---	50.7
1976	2.8	1,429	4.1	7.2	11.3	4.9	4.9	---	⁵ 57.6
1977 ²	2.6	1,480	3.9	6.4	10.3	² 6.2	² 6.2	---	(¹)
1978 ⁴	2.6	1,480	3.9	4.1	8.0				
	Total Cigar Filler (types 41-46)								
1969	26.4	1,721	45.4	141.8	187.2	61.6	61.0	.6	30.6
1970	21.8	1,737	38.0	125.6	163.6	53.8	53.6	.2	32.1
1971	22.0	1,587	35.0	109.8	144.8	54.9	54.5	.4	37.3
1972	21.0	1,293	27.2	89.9	117.1	47.4	47.1	.3	45.0
1973	19.7	1,450	31.7	69.7	101.4	38.0	37.2	.8	49.7
1974	18.0	1,850	33.1	63.4	96.5	35.3	35.0	.3	56.6
1975	17.3	1,630	27.3	61.2	88.5	28.8	28.4	.4	56.2
1976	18.2	1,676	30.5	59.7	90.2	² 28.1	² 27.7	.4	59.4
1977 ²	17.3	1,725	33.3	62.1	95.4	² 26.5	² 26.3	² .2	59.9
1978 ³	17.8	1,765	31.4	68.9	100.3				
	Connecticut Valley Binder (types 51-52)								
1969	1.6	1,434	2.3	8.9	11.2	4.2	3.9	.3	58.2
1970	1.7	1,756	2.9	7.0	9.9	2.7	2.4	.3	65.5
1971	1.6	1,743	2.8	7.2	10.0	2.6	2.5	.1	65.1
1972	1.6	1,600	2.5	7.4	9.9	2.4	2.3	.1	70.1
1973	1.6	1,721	2.7	7.5	10.2	3.2	3.1	.1	72.8
1974	1.5	1,737	2.5	7.0	9.5	3.3	3.1	.2	82.0
1975	1.5	1,568	2.4	6.2	8.6	4.3	4.1	.2	92.7
1976 ²	1.5	1,605	2.4	4.3	6.7	2.4	¹ 2.3	.1	89.6
1977 ³	1.4	1,784	2.5	4.3	6.9	² 2.1	² 2.0	² .1	121.3
1978 ³	1.6	1,700	2.7	4.8	7.5				
	Southern Wisconsin Binder (type 54)								
1969	3.7	1,740	6.4	19.6	26.0	9.3	9.3	---	36.8
1970	4.4	2,135	9.4	16.7	26.1	7.3	7.3	---	40.2
1971	5.3	2,270	12.0	18.8	30.8	10.5	10.5	---	50.3
1972	5.0	1,685	8.4	20.3	28.7	9.3	8.3	---	48.0
1973	4.9	1,950	9.6	19.4	29.0	10.1	10.1	---	60.5
1974	4.7	2,060	9.7	18.9	28.6	8.8	8.8	---	74.9
1975	5.6	1,945	10.9	19.8	30.7	7.5	7.5	---	75.1
1976 ²	5.6	1,890	10.6	23.2	33.8	10.0	10.0	---	74.7
1977 ²	6.2	2,020	12.5	23.8	36.3	² 11.8	² 11.8	---	85.5
1978 ³	6.3	2,000	12.6	24.5	37.1				
	Northern Wisconsin Binder (type 55)								
1969	3.7	1,815	6.7	20.7	27.4	8.8	8.5	.3	43.4
1970	4.4	2,055	9.0	18.6	27.6	9.2	9.1	.1	52.0
1971	5.3	1,980	10.5	18.4	28.9	9.9	9.9	*	54.0
1972	5.8	1,770	10.3	19.0	29.3	9.8	9.8	*	49.0
1973	5.3	1,775	9.4	19.5	28.9	12.0	12.0	*	60.7
1974	4.7	1,870	8.8	16.9	25.7	9.9	9.9	*	75.4
1975	5.4	1,835	9.9	15.8	25.7	9.7	9.6	.1	75.1
1976 ²	5.5	1,750	9.6	16.0	25.6	9.4	9.4	*	75.2
1977 ²	5.8	2,100	10.5	16.2	27.0	² 9.0	² 9.0	² *	85.5
1978 ³	6.0	1,900	11.4	18.0	29.4				

See footnotes at end of table.

Table 17—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1969-78—Cont.

(Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks ¹	Total supply	Total	Domestic	Exports	
	<i>Thousand acres</i>	<i>Pounds</i>	--- Million pounds ---						<i>Cents</i>
	Total Wisconsin Binder (types 54-55)								
1969	7.4	1,778	13.1	40.3	53.4	18.1	17.8	.3	41.8
1970	8.8	2,095	18.4	35.3	53.7	16.5	16.4	.1	51.1
1971	10.6	2,125	22.5	37.2	59.7	20.4	20.4	*	54.9
1972	10.8	1,731	18.7	39.3	58.0	19.1	19.1	*	48.5
1973	10.2	1,859	19.0	38.9	57.9	22.2	22.2	*	60.6
1974	9.4	1,965	18.5	35.8	54.3	18.7	18.7	*	75.1
1975	11.0	1,891	20.8	35.6	56.4	17.2	17.1	.1	75.1
1976	11.1	1,821	20.2	39.2	59.4	19.4	19.4	*	75.2
1977 ²	12.1	2,059	24.8	40.0	64.8	² 20.8	² 20.8	(²)	85.5
1978 ³	12.3	1,950	24.0	44.0	68.0				
	Total Cigar Binder (types 51-55)								
1969	9.0	1,716	15.4	49.2	64.6	22.3	21.7	.6	44.3
1970	10.5	2,041	21.3	42.3	63.6	19.2	18.8	.4	53.1
1971	12.2	2,075	25.3	44.4	69.7	23.0	22.9	.1	56.1
1972	12.4	1,714	21.2	46.7	67.9	21.5	21.4	.1	51.1
1973	11.8	1,841	21.7	46.4	68.1	25.4	25.3	.1	62.1
1974	10.9	1,934	21.0	42.8	63.8	22.0	21.8	.2	76.0
1975	12.5	1,851	23.2	41.8	65.1	21.5	21.2	.3	76.9
1976	12.6	1,795	22.6	43.5	66.1	² 21.8	² 21.6	² .2	76.5
1977 ²	13.4	2,031	27.3	44.3	71.6	² 22.9	² 22.8	² .1	88.7
1978 ³	13.9	1,920	26.7	48.7	75.4				
	Connecticut Valley Shade-grown (type 61)								
1969	6.3	1,288	8.1	12.1	20.2	8.0	7.0	1.0	400.0
1970	6.0	1,535	9.3	12.2	21.5	7.6	6.6	1.0	400.0
1971	4.7	1,635	7.7	13.9	21.6	8.4	5.7	2.7	400.0
1972	4.1	1,250	5.1	13.2	18.5	7.6	4.8	2.8	485.0
1973	5.0	1,210	6.1	10.7	16.8	8.3	6.4	1.9	515.0
1974	4.8	1,625	7.8	8.5	16.3	6.8	2.8	3.9	600.0
1975	4.4	1,371	6.0	9.5	15.5	8.0	4.2	3.8	640.0
1976	4.2	1,555	6.6	7.5	14.1	² 5.2	² 1.8	² 3.4	540.0
1977 ²	3.3	1,544	5.1	8.9	14.0	² 6.0	² 2.2	² 3.8	(⁶)
1978 ³	3.0	1,500	4.4	8.0	12.4				
	Georgia-Florida Shade-grown (type 62)								
1969	5.0	1,569	7.8	7.5	15.3	6.1	5.2	.9	280.0
1970	3.6	1,590	5.6	9.2	14.8	6.7	5.8	.9	270.0
1971	3.0	1,582	4.7	8.1	12.8	6.2	5.4	.8	262.0
1972	3.0	1,517	4.6	6.6	11.2	4.2	3.8	.4	280.0
1973	2.6	1,413	3.7	7.0	10.7	4.2	3.7	.5	350.0
1974	1.9	1,724	3.2	6.5	9.7	3.6	3.1	.5	380.0
1975	1.1	1,556	1.7	6.2	7.9	1.9	1.5	.4	400.0
1976	.4	1,680	.6	6.0	6.6	² 2.4	² 2.0	² .4	395.1
1977 ²	.1	1,630	.2	4.2	4.5	² 1.0	² .5	² .5	400.0
1978 ³	0	---	0	3.5	3.5				
	Total Shade-grown (types 61-62)								
1969	11.3	1,411	15.9	19.6	35.5	14.1	12.2	1.9	341.3
1970	9.6	1,555	14.9	21.4	36.3	14.3	12.4	1.9	351.0
1971	7.7	1,614	12.4	22.0	34.4	14.6	11.1	3.5	347.5
1972	7.1	1,365	9.7	19.8	29.5	11.8	8.6	3.2	387.0
1973	7.6	1,280	9.8	17.7	27.5	12.5	10.1	2.4	452.2
1974	6.6	1,652	11.0	15.0	26.0	10.4	6.0	4.4	536.1
1975	5.5	1,409	7.7	15.7	23.4	9.8	5.6	4.2	585.7
1976	4.6	1,565	7.2	13.6	20.8	² 7.6	² 3.8	² 3.8	528.2
1977 ²	3.4	1,547	5.3	13.1	18.7	² 7.0	² 2.7	² 4.3	(⁶)
1978 ³	3.0	1,500	4.4	11.5	15.9				
	Grand Total Cigar Tobacco (types 41-62)								
1969	46.7	1,645	76.7	210.6	287.3	98.0	94.9	3.1	97.7
1970	41.9	1,771	74.2	189.3	263.4	87.3	84.8	2.5	102.3
1971	41.9	1,734	72.7	176.2	248.9	92.5	88.5	4.0	96.7
1972	40.4	1,434	58.1	156.4	214.5	80.7	77.1	3.6	104.4
1973	39.1	1,627	63.2	133.8	197.0	75.9	72.6	3.3	116.1
1974	35.5	1,834	65.3	121.2	186.3	67.7	62.8	4.9	142.5
1975	35.4	1,635	57.9	118.6	176.5	60.1	55.2	4.9	135.1
1976	35.4	1,700	60.3	116.8	177.1	² 57.5	² 53.1	² 4.4	121.4
1977 ²	34.6	1,853	65.9	119.5	185.4	² 56.4	² 51.8	² 4.6	(⁶)
1978 ³	34.7	1,801	62.5	129.0	191.5				

¹ October 1 for types 41-55; July 1 for types 61-62. ² Estimated. ³ Estimated, projected crop. ⁴ Puerto Rican planting occurs late in calendar year; projected for 1978. ⁵ Excludes payment by Puerto Rican Government; 23 cents per pound in 1976. ⁶ Not available. ⁷ Evaluated at 57.6 cents per pound. * Less than 50,000 pounds.

In the Japanese fiscal year ending March 31, 1978, imports of tobacco were reduced by almost 10 percent to 85,000 metric tons (187 million pounds). The decline in imports reflects efforts to reduce inventories relative to consumption.

Retail prices of tobacco are fixed by law according to the quality of the tobacco. In 1977, the most popular imported U.S. brand sold for 96 U.S. cents per pack, while the most popular domestic brand was 56 U.S. cents.

United Kingdom tobacco consumption declined to only 230 million pounds in calendar 1977, 3½ percent below a year earlier. Tobacco use was impacted substantially by a fall in consumer purchasing power and the continuing rise in cigarette prices. Other factors impairing consumption were changing taxes and a vigorous anti-smoking campaign.

Cigarettes containing substitutes failed badly. Synthetic-added cigarettes captured a very small share of the market, compared with a target between 5 and 6 percent. The industry expected at least 60 percent of smokers would try the new cigarette but only about 15 percent did.

A tax on high "tar" cigarettes is scheduled for September 1978. Applying to cigarettes yielding 20 mg. tar or more, it affects brands comprising about 15 percent of the market (but this share is dropping). Retail prices would go up about 8 cents per pack, or nearly 10 percent.

Canada: The Canadian Tobacco Manufacturers' Council has guaranteed a minimum price of \$1.065 per pound for the 1978 season, or 6.5 percent above the 1977 agreement. The 1978 crop target is 230 million pounds, 12 percent larger than last year.

Markets for the 1977 Ontario crop closed on April 17. Sales were 205 million pounds and averaged \$1.09 per pound.

The projected production increase for 1978 largely results from three factors: (1) improved quality of Canadian flue-cured tobacco under the poundage control program; (2) export rebates that keep Canadian tobacco price-competitive in world markets; and (3) fairly stable prices considering the lower value of the Canadian dollar. Exports are expected to absorb most of the additional 1978 production.

EC (European Community) export subsidies for the 1977 crop were fixed at 1976 levels or reduced slightly. The United States and Canada are not eligible destinations for subsidized exports of German cigar and burley tobacco or Italian burley, Maryland, and fire-cured tobacco.

Greece, a source of imported oriental tobacco for the United States, raised both the guaranteed farm price support and export subsidy for the 1977 crop. The 1977 crop was estimated at 112,000 metric tons, down nearly 20 percent from 1976.

In *Iran* the tobacco monopoly has further reduced its cigarette production. In 1977, the United States exported 8.2 billion cigarettes to Iran, our second largest customer. Exports in January through April 1978 were 3.8 billion, up sharply over the same period last year and about one-sixth of U.S. cigarette exports so far this year.

Brazil's growers in 1977 produced about 161,000 metric tons of flue-cured tobacco, about 55 percent above the 1971-75 average. For 1978, a 10-percent rise in both production and prices is indicated. Growers receive substantially less per pound than U.S. growers. For 1976, the latest year available, Brazil's flue-cured tobacco averaged 27 cents per pound.

Table 18—United Kingdom unmanufactured tobacco: Imports by country of origin, 1975-77

Country of origin	1975	1976	1977
<i>Hundredweight (00000's)</i>			
Brazil	16	29	34
Canada	39	31	32
India	48	49	55
EC	16	15	8
Korea, Rep. of	18	23	31
Malawi	22	21	21
Pakistan	9	9	10
South Africa	8	9	5
Tanzania	10	13	12
Thailand	4	3	11
United States	78	69	46
Other	13	13	15
Total	281	284	280

Compiled from *Overseas Trade Statistics of the United Kingdom*, December issue.

Table 19—West Germany tobacco: Imports, by major suppliers, 1970-77

Year	United States	Italy	Brazil	Greece, Turkey	Poland	Thailand	Other	Total	U.S. share of total
	--- Million pounds ---							Percent	
1970	67	11	18	70	9	4	91	270	25
1971	103	18	19	82	16	8	95	341	30
1972	96	23	16	66	8	5	108	322	30
1973	100	31	16	32	8	8	176	371	27
1974	44	24	8	54	5	3	53	197	23
1975	88	30	14	49	9	10	91	291	30
1976 ¹	94	40	25	39	11	10	98	317	30
1977 ²	80	40	29	34	8	10	88	289	28

¹ Subject to revision. ² Preliminary, January-November.

Compiled from Foreign Agriculture Trade Circular, FAS, USDA.

Table 20—Japan tobacco: Imports, by major suppliers, 1968-77

Year	United States	People's Republic of China	India	Thailand	Bulgaria, Greece, Turkey, Yugoslavia	Other countries	Total	United States as a percentage of	
								Total	Non-oriental imports ¹
	Million pounds							Percent	
1968	35	—	7	4	13	1	60	58.8	75.3
1969	47	—	6	3	16	1	73	63.9	81.9
1970	44	—	6	6	16	1	73	60.3	78.0
1971	54	—	9	8	23	6	100	53.6	69.5
1972	69	1	10	9	36	7	132	51.9	71.5
1973	69	1	10	6	25	16	127	54.1	67.6
1974	85	4	11	7	30	33	170	50.0	60.8
1975	106	8	12	8	25	43	202	52.5	59.9
1976	126	15	11	8	17	40	216	57.8	62.8
1977 ²	99	9	9	7	29	30	183	54.1	64.3

¹ Total less Bulgaria, Greece, Turkey, and Yugoslavia. ² Subject to revision.

Compiled from *Japan Imports by Commodity by Country*, December issue.

Table 21—Cash receipts from tobacco as percentage of cash receipts from crops and all farm commodities, by State, average 1966-70, annual 1975-77

State	Average 1966-70		1975		1976		1977 ¹	
	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts
	Million dollars	Percent	Million dollars	Percent	Million dollars	Percent	Million dollars	Percent
North Carolina	518	38.4	951	35.5	999	35.4	866	32.8
Kentucky	294	35.1	408	27.7	522	31.3	619	33.8
South Carolina	95	23.4	188	22.5	154	18.4	171	21.5
Virginia	84	15.6	149	14.7	170	16.4	163	15.8
Tennessee	81	12.6	122	11.0	152	11.6	164	11.8
Georgia	85	7.9	154	6.9	138	6.1	150	6.9
Florida	30	2.5	29	1.4	36	1.4	31	1.2
Maryland	21	5.9	29	4.3	22	3.2	30	4.5
Connecticut	26	16.1	36	15.0	30	13.0	34	14.7
Pennsylvania	11	1.2	15	.9	11	.6	14	.8
Ohio	14	1.1	21	.8	22	.8	29	1.0
Indiana	10	.7	15	.5	17	.5	24	.7
Massachusetts	10	6.2	13	4.0	11	5.1	11	5.0
Wisconsin	5	.4	14	.5	16	.5	14	.5
Missouri	3	.2	6	.2	4	.2	5	.2
West Virginia	2	2.4	3	2.0	3	2.1	4	.3
United States ² . . .	1,292	2.8	2,155	2.4	2,320	2.4	2,329	2.5

¹ Subject to revision. ² U.S. total receipts from tobacco include relatively small receipts for a few States not shown separately.

Table 22—Tobacco manufacturing corporations: Net sales, net income, and profit ratios, 1967-77

	Net sales	Net income		Profit			
		Before Federal tax	After Federal tax	Per dollar of sales		Percentage of stockholders equity (annual basis)	
				Before Federal tax	After Federal tax	Before Federal tax	After Federal tax
	--- Million dollars ---			--- Cents ---		--- Percent ---	
1967	7,088	794	420	11.2	5.9	27.2	14.4
1968	7,859	896	436	11.4	5.6	29.7	14.4
1969	9,162	976	476	10.6	5.2	29.6	14.4
1970	9,839	1,098	569	11.2	5.8	30.3	15.7
1971	10,551	1,217	643	11.5	6.1	29.8	15.7
1972	11,308	1,246	676	11.1	6.0	28.4	15.4
1973	12,205	1,254	704	10.3	5.8	26.4	14.8
1974	14,267	1,354	770	9.5	5.4	26.4	15.0
1974 ²	8,933	1,053	801	11.8	9.0	26.4	20.0
1975 ²	9,987	1,396	919	14.0	9.2	26.6	16.6
1976 ²	11,964	1,638	1,011	14.3	7.8	28.8	15.9
1977 ²	13,696	1,938	1,239	14.2	9.1	32.0	17.5
Quarterly 1977							
1	3,226	424	279	14.4	8.0	29.5	16.4
2	3,260	561	334	18.8	9.9	36.3	19.0
3	3,465	428	282	15.8	8.2	30.3	15.8
4	3,745	525	344	16.4	9.6	31.8	18.6

¹ Estimated on the basis of an equity increase of 8 percent. ² Industry classification changed and foreign subsidiary results omitted beginning with 1974. For 1974, the new series reduced net sales 37 percent and profits before taxes 22 percent. Profits after taxes increased 4 percent. Note: Data includes non-tobacco enterprises of tobacco manufacturing corporations. Compiled and adapted from the *Quarterly Financial Reports for Manufacturing Corporations*, Federal Trade Commission—Securities and Exchange Commission.

Table 23—United States exports of unmanufactured tobacco by types, to principal importing countries, crop years, 1976/77-1977/78

(Declared weight)

		Part year thru April ²				Part year thru April ²	
Importing countries	1976/77	1976/77	1977/78 ²	Importing countries	1976/77	1976/77	1977/78 ²
	Million pounds				Thousand pounds		
	Flue-cured, types 11-14				Va. fire & sun-cured, types 21 & 37		
United Kingdom	47.2	44.2	55.7	Switzerland	913	184	0
West Germany	57.1	40.2	37.2	Norway	1,187	439	341
Japan	67.9	67.9	74.6	Sweden	523	250	214
Netherlands	13.1	10.5	14.2	West Germany	775	297	363
Thailand	18.1	18.1	11.6	Other countries	2,355	2,067	163
Australia	9.0	7.9	8.2	Total	5,753	3,237	1,081
Italy	19.4	18.2	23.0		One Sucker, type 35		
Sweden	8.2	7.1	5.8	Belgium-Luxembourg .	0	0	0
Norway	4.8	3.3	2.2	Zaire	0	0	0
Finland	4.7	4.3	2.4	Other countries	7	7	77
Denmark	11.6	10.3	7.1	Total	7	7	77
Ireland	5.0	3.7	1.6		Green River, type 36		
Belgium-Luxembourg .	4.6	3.9	6.8	United Kingdom	52	49	13
Switzerland	7.2	6.5	9.0	Zaire	0	0	0
Rep. of Korea	7.8	0	0	Other countries	2	2	313
Philippines	8.9	7.6	6.9	Total	54	51	326
Spain	5.2	5.3	4.6		Cigar Filler, types 41-44		
Malaysia	9.1	7.5	6.7	New Zealand	0	0	0
Taiwan	13.6	13.6	18.9	France	138	49	0
Egypt	11.3	7.3	14.3	Other countries	198	136	76
Other countries	48.0	42.3	50.6	Total	336	185	76
Total	381.8	329.7	361.4		Connecticut Binder, types 51-52		
	Burley, type 31			West Germany	0	0	0
Italy	16.4	12.6	12.9	United Kingdom	0	0	0
Sweden	2.9	1.1	1.2	Canada	68	41	6
Denmark	2.4	1.4	.9	Other countries	65	68	24
Netherlands	1.7	.3	.6	Total	133	109	30
Japan	10.2	10.2	10.3		Wisconsin Binder, types 54-55		
West Germany	18.6	6.1	1.2	Dominican Republic . .	8	8	79
Switzerland	6.5	3.3	*	Other countries	1	0	0
Syria	2.6	0	0	Total	9	8	79
Thailand	4.4	4.4	6.6		Cigar Wrapper, types 61-62		
Philippines	5.0	2.2	2.1	United Kingdom	299	299	348
Other countries	16.4	6.1	6.1	West Germany	168	120	300
Total	87.1	47.7	41.9	Canada	104	97	60
	Maryland, type 32			Dominican Republic . .	1,691	1,370	1,749
Belgium-Luxembourg .	1.0	.2	.7	Netherlands	553	410	500
West Germany	1.5	.9	.3	Other countries	549	508	582
Switzerland	5.5	2.0	.9	Total	3,364	2,804	3,539
Other countries	1.4	.4	.6		Black Fat		
Total	9.4	3.5	2.5	Dahomey	1,466	761	450
	Ky.-Tenn. Fire-cured, types 22-23			Cameron	287	231	218
Sweden . . . . .	.9	.5	.3	Niger	400	239	342
Netherlands	12.1	6.5	3.6	Nigeria	352	355	4
Belgium-Luxembourg .	1.2	.2	.1	Togo	273	164	310
France	1.4	1.1	1.2	Other countries	156	84	57
Switzerland . . . . .	.9	.6	.2	Total	2,934	1,834	1,381
Other countries	4.1	1.2	.8				
Total	20.6	10.1	6.2				
	Stems, trimmings, and scrap						
Sweden	3.1	1.8	3.9				
Denmark	6.5	4.7	3.5				
United Kingdom	16.2	15.4	17.3				
West Germany	7.2	4.7	4.8				
Japan	24.2	24.3	28.3				
Other countries	38.0	31.7	33.1				
Total	95.2	82.6	90.9				

¹ July-June crop year for flue-cured, cigar wrapper, stems, trimmings, and scrap; October-September crop for all other types.

² Subject to revision. Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

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Ames, G.C.W., and P.O. Kurz, The Export Market for Georgia's Flue-cured Tobacco, Research Report 272, Dept. of Agric. Economics, Univ. of Georgia, Athens, Georgia 30602, March 1978, 14 pp. Summarizes the competitive position of U.S. flue-cured tobacco exports.

Coughenour, C. Milton, and Anne V. Gabbard, "Part-time Farmers in Kentucky in the Early 1970's: The Development of Dual Careers" RS-54, Dept. of Sociology, Univ. of Kentucky, Sept. 1977, 38 pp. Survey results of 121 farmers in major areas of Kentucky are reported. Part-time farming is becoming increasingly important and is represented in production of many commodities, including tobacco.

Costs of Producing Selected Crops in the United States - 1976, 1977 and Projections for 1978, Committee Print, 95th Cong., 2nd Session, Committee on Agriculture, Nutrition, and Forestry, Prepared by Economics, Statistics, and Cooperatives Service, USDA. 1/ (Does not include tobacco).

Eckholm, Erik, Cutting Tobacco's Toll, World-watch Paper 18, March 1978, 40 pp. Emphasizes the general policy of virtually all governments as well as the United Nations to encourage farm production of tobacco, collect taxes from tobacco products, and attempt to discourage smoking in various ways. Emphasizes the difficulty of cutting smoking (estimated spending \$85-100 billion worldwide, annually) and the health related implications.

"India Expands Tobacco Area and Production," Foreign Agriculture, Feb. 20, 1978, pp. 6-7. Higher grower prices for the 1976/77 crop are bringing about 5 percent larger planted area for 1977/78.

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"The Economic Importance of the U.S. Tobacco Industry," Prepared for USDA Tobacco Task Force, reprinted in Congressional Record, May 19, 1978, pp. H 4330-36: Also printed in Congressional Record, May 25, 1978, pp. S 8328-34. Includes Overview, estimates for various sectors of the industry, estimates of tobacco farm sector purchases, and distribution of industry sectors by States. 2/

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U.S. House of Representatives, 95th Cong., 1st Sess. Subcommittee on Tobacco, Hearing, Leasing of Flue-cured Tobacco Marketing Quotas, March 15, 1977, 1978, 33 pp.

_____, Leasing of Flue-cured Tobacco Quotas, House Report 95-126, March 28, 1977, 7pp.

U.S. Senate, 95th Cong., 1st Sess. Leasing of Flue-cured Tobacco Quotas, Senate Report 95-240, June 7, 1977, 8 pp.

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1/ Available from ESCS Publications, Room 0054 South Building, USDA, Washington, D.C. 20250.
2/ Available from Commodity Economics Division, ESCS, Room 200 GHI Bldg., USDA, Washington, D.C. 20250. 3/ Available from Information Branch, AMS, Room 3620 South Bldg., USDA, Washington, D.C. 20250.

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FLUE-CURED TOBACCO PRODUCTION COSTS: A PREVIEW OF 1978

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ABSTRACT: The cost of producing flue-cured tobacco will rise again in 1978. Higher labor, machinery, and fuel costs account for much of the increase. Midseason estimates indicate about a 5-cent-a-pound increase (about half due to higher wage rates) over 1977. Production costs (excluding land, management, and allotment costs) are estimated at 76.8 cents a pound for a conventional harvest system and 73.6 cents a pound for a bulk barn system.

KEYWORDS: Flue-cured tobacco, production costs, tobacco harvest systems.

INTRODUCTION

The purpose of this article is to evaluate cost changes of the various inputs and to estimate the change in the costs of producing flue-cured tobacco in 1978 compared with the costs in 1977, assuming constant yields.

To assess changes in production costs, budgets are estimated for two commonly used harvest systems. Costs of producing flue-cured tobacco have been published in the *Tobacco Situation* in each of the last 4 years.¹ For comparison purposes, and to illustrate annual cost changes, the same basic assumptions, including yields, have been used.

The harvest systems utilized are: (1) a conventional barn, walking primers, and a tying machine, and (2) a bulk barn and priming aid. The conventional barn system has traditionally been used on tobacco farms. The bulk system is representative of labor-saving technology now used for more than half the flue-cured crop. Innovations

accompanying bulk curing include one- and two-row self-propelled and tractor-drawn multipass automatic harvesters, once-over harvesters, and big box curing. The additional innovations described above generally require greater capital investment but less labor than the bulk barn system depicted.

Production costs vary widely due to management, labor productivity, and a host of other variables besides harvest system. These budgets do not reflect such variability, but rather they evaluate cost changes for the specified situations.

COST OF 1978 INPUTS

The 1977 flue-cured tobacco crop was produced with input costs about 5 percent higher than in 1976. With constant yields, prices received for flue-cured tobacco more than offset the increased costs. However, because of weather-reduced yields in 1977, many farmers received lower net returns per acre.

Most tobacco growers will find that the costs of producing their 1978 crop will be greater than in 1977. Total costs of flue-cured tobacco production in 1978, judging by input expenditures incurred through May, will likely increase about 5.3 cents a pound for the conventional system and 4.6 cents a pound for the bulk system. About half the increase is due to higher wage rates.

Preharvest costs for 1978 are estimated about 5 percent higher than in 1977. Price rises have

¹See *Tobacco Situation*, TS-149, "Flue-cured Tobacco Production and Prices, 1972-74," September 1974, pp. 37-42; *Tobacco Situation*, TS-152, "Flue-cured Tobacco Production Costs, A Preview of 1975," June 1975, pp. 29-32; *Tobacco Situation*, TS-156, "Price Support Level and Production Costs for the 1976 Flue-cured Tobacco Crop," July 1976, pp. 31-34; and *Tobacco Situation*, TS-161, "Flue-cured Tobacco Production Costs, 1977," September 1977, pp. 38-40.

Table 1--Estimated preharvest costs per acre for flue-cured tobacco, 1977 and 1978

Item	Unit	Quantity	1977 1/		1978 2/	
			Price	Value	Price	Value
			per unit		per unit	
Dollars						
Plant bed						
Fumigant	:lb.	5.0	1.45	7.25	1.30	6.50
Fertilizer	:cwt.	.5	5.00	2.50	5.00	2.50
Seed	:oz.	.1	18.00	1.80	18.50	1.85
Fungicide	:lb.	12.5	.12	1.50	.12	1.50
Insecticide	:lb.	.33	.54	.18	.58	.19
Framing materials	:---	---	---	4.16	---	4.37
Plastic cover	:sq. yd.	60.0	.11	6.60	.114	6.84
Tractor and equipment 3/						
Fuel	:gal.	1.3	.50	.65	.52	.68
Other	:---		---	8.88	---	9.32
Labor	:hr.	10.15	2.27	23.04	4/ 2.53	25.68
Interest on operating costs	:dol.		.08	3.01	.084	3.33
Subtotal				59.57		62.76
Preharvest						
Nematicide	:lb.	56.0	.77	43.12	.82	45.92
Fertilizer	:cwt.	16.0	6.30	100.80	6.30	100.80
Herbicide	:qt.	1.0	14.00	14.00	14.00	14.00
Insecticide	:gal.	1.0	16.50	16.50	17.66	17.66
Sucker control	:gal.	3.0	9.50	28.50	9.70	29.10
Tractor and Equipment 3/						
Fuel	:gal.	22.7	.50	11.35	.52	11.80
Other	:---			54.48		57.20
Insurance	:\$100	12.5	5.00	62.50	5.00	62.50
Labor	:hr.	65.2	2.27	148.00	4/ 2.53	164.96
Interest on operating costs	:dol.		.08	19.17	.084	21.17
Subtotal				498.42		525.11
Total preharvest costs				557.99		587.87

1/ Costs for 1977 taken from "Flue-cured Tobacco Production Costs, 1977"

Verner N. Grise, Tobacco Situation, TS-161, September 1977, pp. 38-40.

2/ Estimated costs of inputs based on April and May input prices.

3/ Tractor and equipment costs include a small and a large tractor. Fixed costs of machinery based on 500 hours annual use of small tractor and 750 hours annual use of large tractor.

4/ Labor cost estimates based on wage rate increases for field and livestock workers from April 10-16, 1977 to April 9-15, 1978.

Table 2--Estimated harvest and total costs per acre for flue-cured tobacco, conventional barn and bulk barn harvest systems, 1977 and 1978

Item	Unit	Quantity	1977 1/		1978 2/	
			Price per	Value	Price per	Value
			unit		unit	
Dollars						
Conventional barn 3/						
Preharvest costs				557.99		587.87
Harvest costs						
Fuel	gal.	408.0	.43	175.44	.47	191.76
Electricity	kil. hr.	63.0	.05	3.15	.052	3.28
Twine	lb.	5.0	3.10	15.50	3.16	15.80
Sticks	---	---	---	7.38	---	7.38
Sheets	---	---	---	3.00	---	3.06
Tying machine 4/	hr.	6.0	7.07	42.42	7.35	44.10
Tractor and equipment 5/						
Fuel	gal.	47.2	.50	23.60	.52	24.54
Other	---	---	---	99.19	---	104.15
Barn 6/	acre	1.0	105.78	105.78	112.13	112.13
Marketing	lb.	2,100.0	3% @ 1.14	71.82	3% @ 1.21	76.23
Labor	hr.	175.0	2.27	397.25	7/2.53	442.75
Total harvest expenses 8/				944.53		1,025.18
Total expenses 8/				1,502.52		1,613.05
Cost per pound 8/				.715		.768
Dollars						
Bulk barn 9/						
Preharvest costs				557.99		587.87
Harvest costs						
Fuel	gal.	362.0	.43	155.66	.47	170.14
Electricity	kil. hr.	840.0	.05	42.00	.052	43.68
Sheets	---	---	---	3.00	---	3.06
Riding primer 10/	hr.	5.0	14.43	72.15	15.01	75.05
Tractor and equipment						
Fuel	gal.	36.4	.50	18.20	.52	18.93
Other	---	---	---	76.54	---	80.37
Barn	acre	1.0	212.68	212.68	225.44	225.44
Marketing	lb.	2,100.0	3% @ 1.14	71.82	3% @ 1.21	76.23
Labor	hr.	105.0	2.27	238.35	7/2.53	265.65
Total harvest expenses 8/				890.40		958.55
Total expenses 8/				1,448.39		1,546.42
Costs per pound 8/				.690		.736

1/ Costs for 1977 taken from "Flue-cured Tobacco Production Costs, 1977", Verner N. Grise, Tobacco Situation, TS-161, September 1977, pp. 38-40. A yield of 2,100 pounds is assumed.

2/ Estimated costs of inputs primarily based on April and May 1977 inputs costs.

3/ Costs are calculated for tobacco primed by walking primers, with the leaf put on sticks by tying machine and cured in conventional barn.

4/ Fixed costs based on 72 hours of annual use.

5/ Tractor and equipment costs include a small and a large tractor. Fixed costs of machinery based on 500 hours annual use of small tractor and 750 hours annual use of large tractor. Fuel and other costs for hauling are included in equipment estimates.

6/ Fixed costs based on curing 12 acres of tobacco annually.

7/ Labor cost estimates based on wage rate increases for hired field and livestock workers from April 10-16, 1977 to April 9-15, 1978 in the four major flue-cured tobacco States.

8/ Excluding cost for land, management and tobacco allotment.

9/ Costs are calculated for tobacco primed by tractor drawn priming aid and cured in bulk barn.

10/ Fixed costs based on 60 hours of annual use.

occurred for labor, tractor fuel and repairs, tobacco insecticides, and nematicides (table 1).

Wage rates have jumped more than 11 percent with the minimum wage increase a major factor. Beginning in January 1978, the Federal minimum wage rate for covered farm employees rose from \$2.20 per hour to \$2.65 per hour.² The higher minimum wage rate affects both covered and non-covered farms, since they are competing for workers.

Fuel prices are up about 2 cents a gallon. The price of new farm machinery has increased and the fixed costs of machinery and equipment operation are about 6 percent higher than in 1977. Fertilizer prices are about the same as last year.

Besides the indicated rise in harvest wage rates, other major harvest cost increases include ownership costs of machinery used for harvest and the

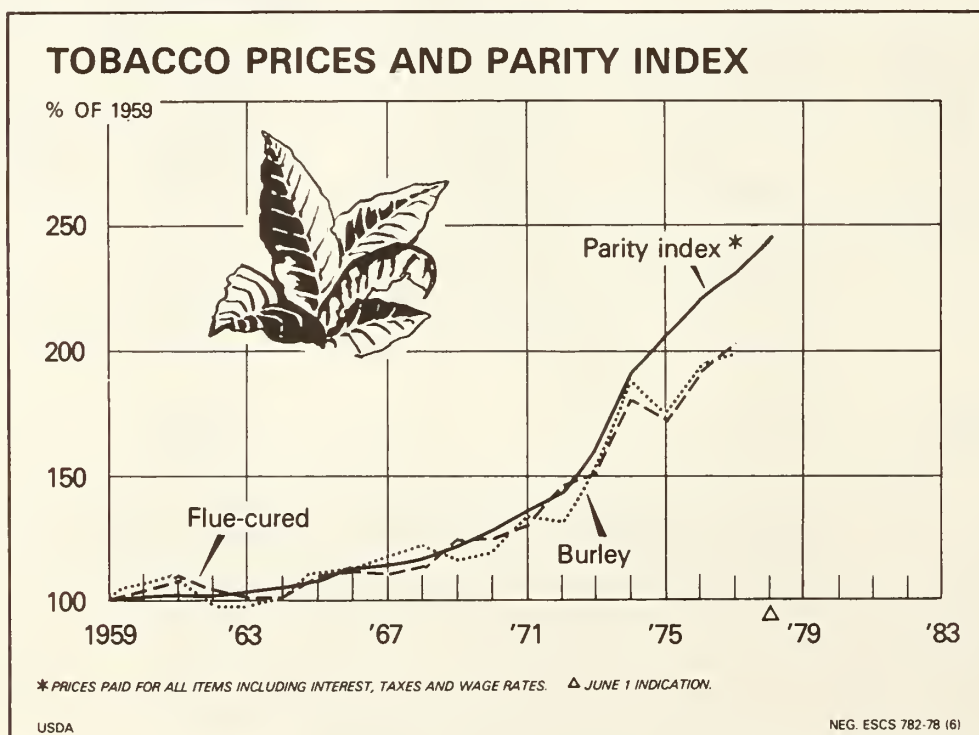
costs of both conventional and bulk barns. Harvest costs are expected to rise by 8 percent (table 2).

The total cost of producing flue-cured tobacco in 1978 is expected to be 7 percent higher than in 1977. Costs for a conventional barn system will likely rise from 71.5 cents to 76.8 cents a pound and costs for the bulk barn system will likely rise from 69 cents to 73.6 cents a pound.

CONCLUSIONS

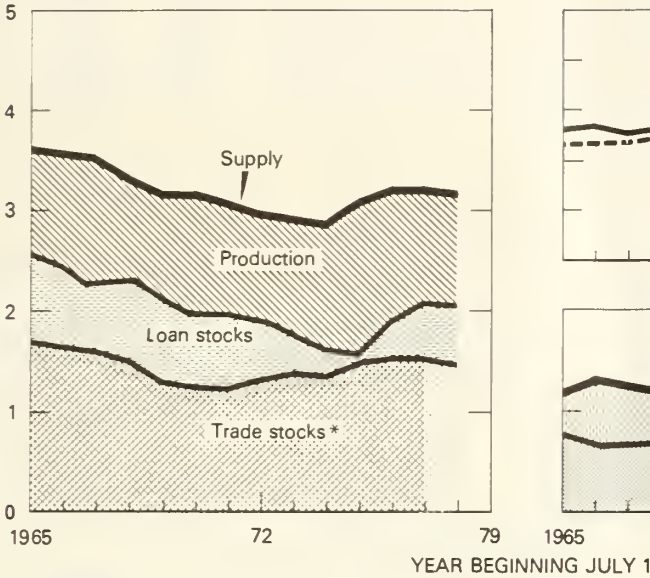
The upward trend in prices of inputs used in producing flue-cured tobacco will continue for many of the inputs in the 1978 crop year. Wage rates are expected to be more than 11 percent higher than in 1977. The wage rate increase is more than double the gain that occurred in 1977. However, the rate of increase for machinery and equipment is slowing some in 1978. Overall, costs are likely to rise by 7 percent in 1978 compared with a 5-percent increase in 1977. Farmers are expected to continue to adopt labor-saving technology to offset the higher cost of labor.

²Farm employers who hired 500 or more mandays of labor during at least one calendar quarter the previous year are subject to this Federal minimum rate.



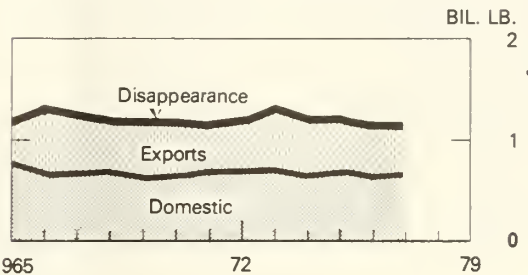
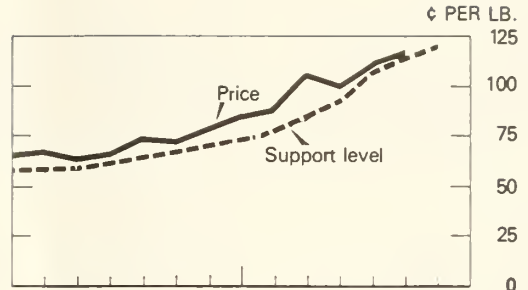
FLUE-CURED TOBACCO: SUPPLY, PRICE, USE

BIL. LB.



* MANUFACTURER'S AND DEALERS' LATEST YEAR FORECAST

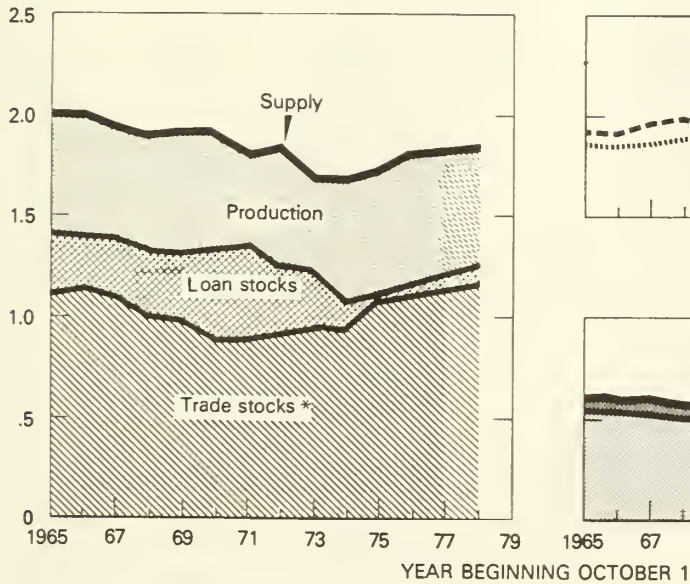
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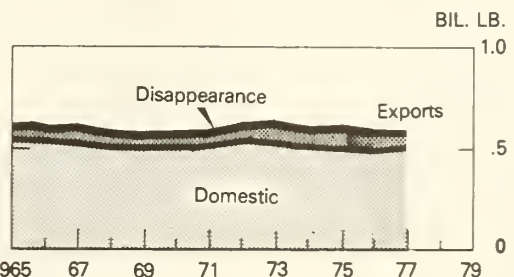
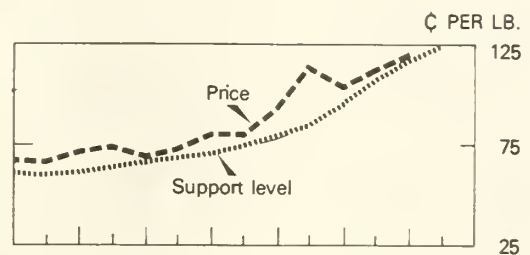
BURLEY TOBACCO: SUPPLY, PRICE, USE

BIL. LB.



* MANUFACTURERS' AND DEALERS' LATEST YEAR FORECAST.

USDA



NEG. ESCS-381 C-78 (2)

STATISTICAL SUMMARY

Item	Unit or base period	1977		1978			Last data as percentage of a year earlier
		April	May	March	April	May	
Average price at auctions							
Flue-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Burley	Ct. per lb.	105.5	closed	115.5	105.5	closed	100
Maryland	Ct. per lb.	111.5	109.5	closed	119.0	113.0	103
Virginia fire-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Ky.-Tenn. fire-cured	Ct. per lb.	125.0	closed	122.4	95.0	closed	76
Ky.-Tenn. dark air-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Virginia sun-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Support price <u>1/</u>							
Flue-cured	Ct. per lb.	113.8			121.0		106
Burley	Ct. per lb.	117.3			124.7		106
Maryland	Ct. per lb.	No Support			No Support		---
Virginia fire-cured	Ct. per lb.	79.5			84.6		106
Ky.-Tenn. fire-cured	Ct. per lb.	79.5			84.6		106
Ky.-Tenn. dark air-cured	Ct. per lb.	70.7			75.2		106
Virginia sun-cured	Ct. per lb.	70.7			75.2		106
Connecticut Valley							
cigar binder	Ct. per lb.	81.2			86.3		106
Wis. binder and Ohio filler	Ct. per lb.	58.6			62.3		106
Puerto Rican filler	Ct. per lb.	60.9			64.7		106
Parity index <u>2/</u>	1910-14=100	692	694	727	735	744	107
Industrial production index <u>3/</u>	1967=100	136.1	137.0	141.0	142.5	---	105
Employment	Mil.	89.3	90.0	92.0	93.2	93.9	104
Personal income <u>4/</u>	Bil. dol.	1,510.1	1,517.3	1,656.8	1,680.1	---	111
		March	April	Feb.	March	April	
Taxable removals							
Cigarettes	Bil.	53.4	45.1	49.3	55.3	---	104
Cigars and cigarillos	Mil.	469.3	361.5	349.5	418.4	---	89
Accumulated from Jan. 1							
Cigarettes	Bil.	151.6	196.7	97.8	153.1	---	101
Cigars and cigarillos	Mil.	1,196.3	1,532.1	705.2	1,123.6	---	94
Invoiced to domestic customers							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.		10.2		8.8		86
Chewing tobacco	Mil. lb.		19.9		20.0		101
Snuff	Mil. lb.		6.1		6.0		98
Tax-exempt removals							
Cigarettes	Bil.	7.1	6.3	6.8	7.4	---	104
Exports	Bil.	6.2	5.7	6.2	6.6	5.4	95
Cigars and cigarillos	Mil.	11.4	10.6	5.9	15.8	---	139
Accumulated from Jan. 1							
Cigarettes	Bil.	17.3	23.6	12.2	19.6	---	113
Exports	Bil.	14.2	19.8	9.9	16.5	21.8	110
Cigars and cigarillos	Mil.	31.8	42.4	18.9	34.7	---	109
Invoiced for export							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.		.2		.2		100
Chewing tobacco	Mil. lb.		.3		.3		100
Wholesale price indexes <u>5/</u>							
Cigarettes (reg. nonfilter)	1967=100	182.8	182.8	199.4	199.4	199.4	109
Cigars	1967=100	126.6	127.5	139.0	136.5	138.4	109
Smoking tobacco	1967=100	189.1	193.9	211.1	211.1	213.5	110
Plug chewing tobacco	1967=100	194.4	194.4	220.9	220.9	230.1	118
Snuff	1967=100	209.8	209.8	239.1	239.1	240.7	115
Consumer price indexes (urban) <u>6/</u>							
Cigarettes (reg. nonfilter)	1967=100	168.2	168.3	176.5	176.8	176.9	105
Cigarettes (filter tip king)	1967=100	168.9	169.0	176.7	177.0	177.2	105
Cigars (domestic reg. size)	1967=100	134.1	134.3	138.9	139.3	139.8	104
Imports of tobacco							
Cigarette leaf	Mil. lb.	11.8	16.6	17.0	15.8	15.1	91
Cigar tobacco <u>7/</u>	Mil. lb.	13.6	13.6	6.2	3.9	4.4	32
Accumulated from Jan. 1							
Cigarette leaf	Mil. lb.	44.1	60.7	33.2	49.0	64.1	106
Cigar tobacco <u>7/</u>	Mil. lb.	28.3	41.9	10.8	14.7	19.1	46

See footnotes at end of table.

STATISTICAL SUMMARY--CONTINUED

Item	Unit or base period	1977		1978		Last data as percentage of a year earlier	
		Mar.	Apr.	Feb.	Mar.	Apr.	
Exports of leaf tobacco							
(farm-sales weight)							
Flue-cured	Mil. lb.	32.7	18.9	48.1	53.8	31.4	166
Burley	Mil. lb.	25.4	9.7	12.1	26.9	11.1	114
Maryland	Mil. lb.	*	1.4	.6	.6	.5	36
Virginia fire- & sun-cured	Mil. lb.	.3	0	0	.3	.3	---
Ky.-Tenn. fire-cured	Mil. lb.	1.8	1.6	.3	1.0	1.4	88
Ky.-Tenn. dark air-cured	Mil. lb.	*	*	*	.2	.2	---
Black Fat	Mil. lb.	.3	.3	0	.4	.1	33
Cigar wrapper	Mil. lb.	.2	.3	0	.4	.3	100
Connecticut binder	Mil. lb.	0	*	0	0	0	---
Wisconsin binder	Mil. lb.	0	0	0	0	0	---
Accumulated from beginning of marketing year <u>8/</u>							
Flue-cured	Mil. lb.	424.6	443.5	406.6	460.4	491.8	111
Burley	Mil. lb.	54.8	64.5	20.8	47.7	58.8	91
Maryland	Mil. lb.	3.2	4.6	1.6	2.8	3.3	72
Virginia fire- & sun-cured	Mil. lb.	3.8	3.8	.7	1.0	1.3	34
Ky.-Tenn. fire-cured	Mil. lb.	9.5	11.1	3.9	5.4	6.8	61
Ky.-Tenn. dark air-cured	Mil. lb.	*	.1	.1	.3	.5	500
Black Fat	Mil. lb.	1.5	1.8	.9	1.3	1.4	78
Cigar wrapper	Mil. lb.	2.7	3.0	3.0	3.4	3.7	123
Connecticut binder	Mil. lb.	.1	.1	*	*	*	---
Wisconsin binder	Mil. lb.	*	*	.1	.1	.1	---
Cigar filler	Mil. lb.	.2	.2	.1	.1	.1	50
Exports of manufactured tobacco							
in bulk	Mil. lb.	1.4	1.4	.3	*	*	---
Accumulated from Jan. 1	Mil. lb.	1.9	3.4	.3	.3	.4	12
Quarterly data							
		1977		1978			
		Jan.-Mar.	Apr.-June	Jan.-Mar.	Apr.-June		
Stocks of tobacco--1st of quarter <u>2/</u>							
Domestic types							
(farm-sales weight)							
Flue-cured	Mil. lb.	2,596	2,305	2,574	2,273		99
Burley	Mil. lb.	1,399	1,502	1,558	1,503		100
Maryland	Mil. lb.	42	38	45	41		108
Fire-cured	Mil. lb.	45	62	42	77		124
Dark air- and sun-cured	Mil. lb.	30	35	31	35		100
Cigar filler	Mil. lb.	55	72	56	78		108
Cigar binder	Mil. lb.	39	53	44	59		111
Cigar wrapper	Mil. lb.	16	15	12	14		93
Under Government loan <u>10/</u>	Mil. lb.	638	657	763	709		108
Tobacco sheet <u>11/</u>							
Cigarette types	Mil. lb.	29.4	28.4	31.3	29.8		105
Cigar types	Mil. lb.	1.4	.9	2.8	1.3		144
Foreign types (unst. equiv.)							
Cigarette and smoking	Mil. lb.	637	599	601	619		103
Cigar	Mil. lb.	114	111	100	101		91
Tobacco outlets <u>12/</u>							
Seasonally adjusted data, annual rates, for charts, p.2							
Cigarettes							
Production	Bil.	668.6	650.8	673.7	740.9		114
Taxable removals	Bil.	598.0	578.3	603.5	650.0		115
Large cigar production	Bil.	5.4	4.9	4.9	4.8		98
Smoking production	Mil. lb.	45.4	42.2	37.4	38.0		90
Chewing production							
Loose leaf	Mil. lb.	61.8	63.4	65.6	66.8		106
Plug and other	Mil. lb.	28.7	28.7	29.6	29.0		101
Snuff production	Mil. lb.	24.9	26.1	24.8	25.8		98
Exports of leaf							
Total	Mil. lb.	901.1	498.7	870.0	525.0		105
Flue-cured	Mil. lb.	666.8	385.8	635.1	405.0		105

1/ 1977 and 1978 crops respectively. 2/ Prices paid by farmers including interest, taxes and wage rates. 3/ Seasonally adjusted. 4/ Seasonally adjusted, annual rate. 5/ Excise tax excluded. 6/ Federal and applicable state and local taxes included. 7/ Farm sales weight equivalent. 8/ July 1 for flue-cured and cigar wrapper and October 1 for others. 9/ Holdings of manufacturers and dealers including grower cooperatives. 10/ Reported by grower cooperatives. 11/ Weight of tobacco leaf not including stems added. 12/ Data for most recent quarter are preliminary estimates. *Less than 50,000 pounds. Detail may not add to total due to rounding.

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